The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japanese Warlords Say Gen. Chiang Kai-shek Must Go

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SATURDAY, JUNE 8, 1935 VOLUME 73, NUMBER 2

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Shanghai, June 5, 1935

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Demand selling rate on London:	£1.0.0=Sh. $12.07
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June 5, 1935
Business Done:-
Total Volume: 870,000 Shares

1934-35 High	1934-35 Low	Div. $ per sh.	STOCKS	Last Sale June 8	Sale June
128	90¼	4.00	American Can	123½	126
22½	14⅝	0.40	Amer. Cyanamid "B"	18¼	19⅝
13⅜	2	—	American & For. Power	4	4
38⅝	9⅛	—	American Locomotive	13¼	13½
17⅝	10	—	American Radiator	13	13⅜
51¼	30¼	—	American Smelting	42½	43
125¼	99¾	9.00	American Tel. & Tel.	123⅛	124¼
89	67	5.00	American Tobacco "B"	85¼	87
27⅝	7¼	1.00	American Waterworks	12⅞	13⅛
17⅜	8	—	Anaconda Copper	15	16
73⅝	38⅝	2.00	Atchison, S. & S. Fe	40⅞	41⅝
35¼	21⅝	1.00	Atlantic Refining	24¼	25⅛
57⅞	15	—	Auburn	19	19¾
24½	7⅜	—	Baltimore & Ohio	10¾	10⅜
23⅜	9⅝	—	Bendix Aviation	13⅝	14⅛
49½	22½	—	Bethlehem Steel	25⅝	26
11¼	6⅛	—	Boeing Airplane Co.,	7⅛	7⅜
28¼	19⅝	1.60	Borden Co.	23	23⅜
38⅞	16⅛	1.50	Borg Warner	34½	35⅛
18¼	9½	—	Canadian Pacific Railway	10¼	10⅜
86¾	35	—	Case, J. I.	53	54½
49⅝	23	1.00	Caterpillar Tr.	44	45⅛
40¾	15⅝	1.40	Chase National Bank	23	24⅛
48¾	37⅛	2.80	Chesapeake & Ohio	43¾	44¼
60⅝	29¼	1.00	Chrysler	43⅜	45⅛
19¼	3⅝	—	Columbia Gas & Electric	7⅜	7⅛
26⅝	15⅝	0.60	Coml. Solvents	19	19⅜
3⅜	0⅝	—	Commonwealth & Southern (ord.)	1⅛	1¼
47⅞	16¼	1.00	Consolidated Gas of N. Y.	24	23⅞
23	15⅛	0.50	Continental Oil	20	21
84¼	55⅛	3.00	Corn Products	69½	70⅝
9⅞	3⅝	—	Coty Inc.	4⅝	5
28½	14½	—	Douglas Aircraft	24	24⅜
103⅞	80	3.25	Du Pont de Nemours	96¼	97⅝
23⅛	3⅝	—	Electric Bond & Share	8	8⅛
17⅛	3¼	—	Fox Film "A"	15⅛	15⅝
26½	16⅞	0.60	General Electric	24⅝	25¼
36⅞	23	1.80	General Foods	34¼	34⅝
42	24⅝	1.50	General Motors	30⅛	31¼
23	14½	1.20	Gold Dust	15	15⅛
41⅝	16	—	Goodyear Tire & Rubber	17⅜	17⅝
37⅝	18⅝	0.25	International Cement	27⅝	28⅜
29¼	21	0.60	International Nickel	28	28⅛
17⅝	5⅝	—	International Tel. & Tel	8	8⅛
56⅝	39	0.25	Johns Manville	46⅝	48
28¼	14	0.60	Kennecott	18½	19
41⅜	20⅝	2.00	Loew's Inc.	38¾	39½
22½	15¾	1.20	Lorillard	20⅜	21
35⅝	20	—	Montgomery Ward	25¼	25⅝
49½	22¼	1.60	Nat. Biscuit	25⅛	25⅝
43	16⅝	1.00	National City Bank	21½	22⅜
18⅜	13	1.20	Nat. Dairy Prods.	15¼	15⅛
31⅝	16	0.50	National Distillers	24	24⅞
15½	5	0.80	Nat. Power & Lt.	9¼	9⅛
45¼	12½	—	New York Central	16¼	16½
25¼	9½	1.00	North American	16¼	16⅛
23⅛	12⅝	1.50	Pacific Gas & Electric	21½	21⅝
37	19	2.40	Pacific Lighting	31¼	31
6⅝	2⅝	—	Packard Motors	3⅝	3⅝
29¾	17¼	1.00	Pennsylvania Railroad	20⅞	21¼
22⅝	13	1.80	Phillips Petroleum	20⅛	21⅝
45	20⅝	2.40	Public Serv. of N.J.	33¾	34⅝
8⅛	4	—	Radio Corporation	5¼	5⅛
62⅞	48¼	3.00	Reynolds Tobacco "B"	48⅝	50¼
38⅞	17⅛	—	Schenley	24⅜	24⅞
51⅛	31	0.75	Sears Roebuck	37⅝	38⅝
19⅝	11	0.60	Socony-Vacuum	13⅜	13⅜
22⅛	10⅛	1.50	Southern California Edison	16⅛	16⅛
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36⅛	7⅝	—	Sthrn. Railway	9¼	9⅝
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17	1⅜	—	Standard Gas & Electric	4⅛	4¼
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8½	5	.12½	Transamerica	5⅞	6
60¼	35⅜	1.40	Union Carbide & Carbon	57	59
133⅞	83⅛	6.00	Union Pacific	95½	97½
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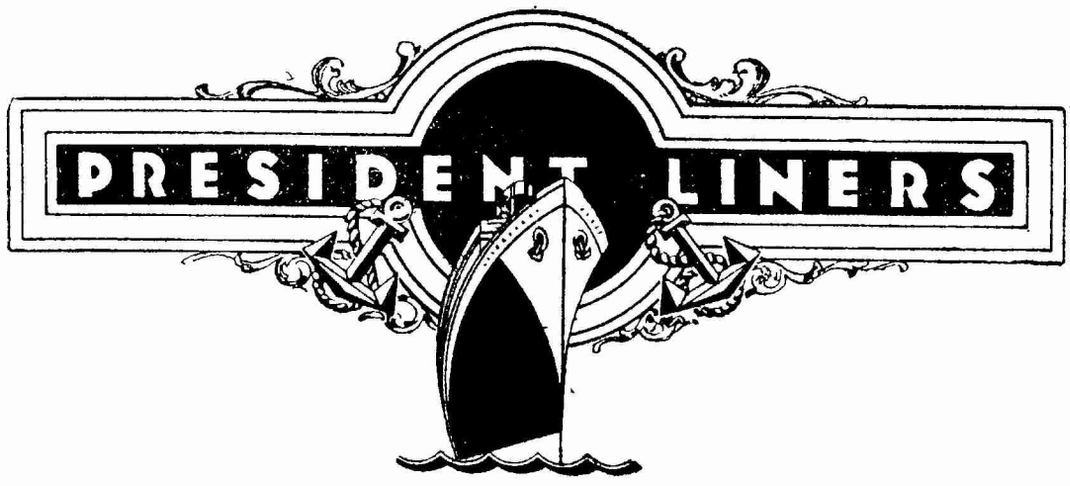

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The China Weekly REVIEW

Formerly Millard's Review

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Formerly Millard's Review

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GETTING AT THE FACTS IN THE RAVEN BANKRUPTCY

JUDGE Milton J. Helmick's appointment of Frank L. Hough as liquidator of the bankrupt Raven enterprises and his refusal to be stampeded into precipitate action will receive the approval of the community. That the investigation of the ramifications of this financial debacle will be a long and tortuous process is now evident, because in addition to the magnitude of the failure, the fact that it occurred outside of the United States within an exterritorial jurisdiction adds immeasurably to the complications. Were Americans only involved the unscrambling process would be much simpler, but while the Americans must assume responsibility for the adjustment, the fact that other nationalities are included among the victims makes the situation more serious. This makes the responsibility which rests upon the liquidator and the American authorities a heavy one; hence there is hope that the adjustment process will be conducted in such manner that racial and nationalistic elements will not become involved. The injection of these elements can only be avoided by facing the facts frankly and letting the chips fall where they may regardless of the personages who may or may not be involved in the catastrophe. The fact that Mr. Hough, the liquidator, is more or less new to this community is an altogether favorable element because this should place him above the charge of favoritism which usually develops in the course of such proceedings. He is a native of Philadelphia and first came to China in 1918 with the Edison electric interests. Following his return to the United States, he was sent to South America and spent ten years in that territory for the Victor company. He returned to China two years ago as manager of the R. C. A. Victor company which is engaged in manufacturing enterprises here.

A review of the latest developments, following the initial report of the collapse of the Raven realty-finance structure, appears elsewhere in this issue of *The Review*. A perusal of the letters and editorial comment which have appeared in the local Chinese and foreign newspapers regarding

the Raven bankruptcy indicate the seriousness with which the situation is viewed by the international community. This element, plus the fact that further bank failures have developed and more apparently are pending serve to emphasize the high importance of an efficient, thorough and equitable adjustment of the situation.

ROOSEVELT ON THE "HORSE-AND-BUGGY" STAGE

UNDOUBTEDLY the worst blow that President Roosevelt has encountered since he was inaugurated a little more than two years ago was the recent decision of the U. S. Supreme Court declaring the National Industrial Recovery Act unconstitutional. One of the effects of this decision was the announcement made from the White House June 1 that dismissal of 411 prosecutions in connection with infringement of the National Recovery Act had been authorized as the result of the Supreme Court's decision. There was, of course, in the circumstances, nothing else to do, but the President seems to have been in no ways disheartened by the adverse ruling. Among other things it is stated that he will demand that Congress shall remain in session until December, if necessary, in order to complete the legislative program. The President at a press conference in Washington May 31 stated that the Supreme Court's interpretation of interstate commerce takes the nation back to the horse-and buggy stage of 1789—when the interestate commerce clause was written into the constitution. He declared that the decision had put squarely the issue of taking away from the Federal Government all control over national economic and social conditions. He said it was now up to the American people to decide whether there should be different attempts by the 48 states to regulate the country's economic and social life, or whether this should function under the Federal Government. "The question," he said, "will have to be settled by a vote of the people, not necessarily this summer, this autumn, or this winter, but probably within the next four or five years". The implications of the decision, the president said, removed any Federal jurisdiction over such major human activities as farming, manufacturing, and mining construction. Some of the prominent New York newspapers such as the *Times* and *Herald Tribune* have been criticizing the President as "a bad loser" and for showing "temper" and so on, but it is evident that behind the smiling exterior there is a determined man of a caliber that is probably not fully realized. The problem which Roosevelt is up against is the old one of State's rights. The Supreme Court has simply ruled that the Consitution had not delegated the powers to the Federal Government which Congress had conferred upon the President, and that these powers still remained with the individual States. The President very firmly takes the position that if such is the case it is time that an amendment to the Constitution were adopted to change the situation. The old Constitution has got some hard knocks of late, and more and more the American public is realizing that it is based on a horse-buggy era (to quote the President's words) in more ways than one. There is no indication that the President intends to make a move as now suggested, but it has not been unknown in English history for the Government in order to get a majority in the House of Lords to suddenly create sufficient Peers to switch the majority to its side. The Consititution does not specify the number of Judges that shall constitute the Supreme Court and there would be nothing to prevent Congress from passing a law to increase the number and for the President then to appoint a sufficient majority of Judges who would reverse the Court's decision on the N.I.R.A. matter. Incidentally it may be mentioned that Roosevelt has now a clear cut issue with which to go to the people when he comes up for re-election less than two years hence.

Russian Interest in the Present Sino-Japanese Crisis in North China

IT may have been a coincidence but it was interesting, nevertheless, that D. V. Bogomoloff, Soviet Ambassador to China, chose May 30 as the date for delivering an address in Nanking wherein he stressed the military, economic and political strength of the U. S. S. R. and at the same time told his Chinese audience that "war might have broken out sometime ago had it not been for the fact that Russia had strengthened her border defenses." Declaring that the foreign policy of the Soviet Union is based on peace and is exemplified in the negotiation of numerous non-aggression pacts with neighboring countries on the western European and Near Eastern fronts, the Soviet Ambassador called attention to the fact that his country had as yet been unable to negotiate a single non-aggression pact with any Far Eastern country, in consequence of which it had been necessary to strengthen the borders in a military way—otherwise war might have broken out sometime ago! He made no mention of Soviet relations with Japan, but referred to the recent pacts of mutual assistance with France and Czechoslavakia as leading toward the creation of a solid basis for peace in Europe. The same applied to Moscow's adherence to the League of Nations, in which connection he expressed the hope that certain changes within the Geneva organization might help to stabilize universal peace. The foreign policy of the Soviet Union, he declared is based on peace and any action his country may take in the international sphere is predicated on the question whether or not it would help the cause of peace. Industrially, he said that the decision to devote the first five year plan to the development of heavy industries had proved to be a correct one

because while most other countries were involved in the economic depression, industrial production in Russia had greatly increased to a point where the U. S. S. R. was now producing more pig-iron than any other European country. Last year the country turned out 93,000 tractors and more than 300,000 of these machines were employed in agricultural production.

Mr. Bogomoloff's address was timely because on the day he delivered his speech, the Japanese military authorities were handing an ultimatum to the Chinese authorities both in North China and at Nanking demanding complete control of eastern Inner-Mongolia, a matter of most vital concern to the Soviets. The Japanese also were demanding almost complete political and military control of North China, which included the railways of that area which the Japanese require for the transport of their troops from Tientsin (also Manchukuo) into Inner-Mongolia. According to the report of the Peiping correspondent of the *North-China Daily News*, Prince Teh Wang, leader of the Inner-Mongols had arrived in Peiping and reported that the Japanese demands included construction of airdromes and wireless stations and the removal of the Mongolian capital from Peilingmiao in Suiyuan province to the town of Petsemiao, which is about 100 miles north of Dolonnoer and well within the sphere of Japanese military influence in Manchukuo. A further report through *Reuters* added the information that the town of Petsemiao is located on the motor-road from Manchukuo to Mongolia and that the Japanese desired to establish a garrison and a branch of the special service department of the Kwantung army there. Of additional interest in this triangular struggle involving Japan and Russia and China was the initial meeting on June 1 of Japan-Manchukuo and Outer-Mongolian delegates at Manchouli on the Siberian border to attempt an adjustment of the complications which developed last year over the border between Manchukuo and Outer-Mongolia in the vicinity of Lake Buyer-nor, located a short distance south of the Siberian border and near Hailar in the Barga area of Manchukuo where the Japanese army maintains a strong military and aviation base and a school for the military training of young Mongols. In the clash over the border at Lake Buyer-nor last year one Japanese officer and several soldiers were killed, the Mongols accusing the Japanese of trespassing on their territory. Later the Japanese sent a strong force and occupied the disputed area. After a long controversy, in which the Japanese objected to Russian participation, it was decided to hold the conference at Manchouli, border town where the now Japanese-owned Chinese Eastern railway enters Russian territory.

While the Russians claim that Outer-Mongolia is an "independent soviet-republic" with which they maintain close friendly relations, it now will be interesting to observe developments on this front because the present Japanese drive into Inner-Mongolia is for the purpose of bringing pressure on the Outer-Mongols and through them on the Soviets. Aside from the complications between Manchukuo and Outer-Mongolia over the Manchukuo-Mongol border there is the even more-serious problem of the northern Manchukuo-Siberian border which the Soviets have strongly fortified. Then on top of these issues are the long-standing Russo-Japanese disputes over the Kamchatka fisheries and the recent Japanese demand that Russia sell northern Sakhalin and its valuable oil resources to the Japanese navy. The Russians have repeated declared they have no designs on Chinese territory and despite Japanese propaganda to the opposite effect there is no evidence of Soviet military penetration of Chinese Sinkiang or Turkestan although Soviet economic influence is predominant in that area. Of more immediate importance is the Outer-Mongolian question because the Russians, regardless of the status of their relations with that territory, cannot permit an extension of Japanese military control there because this would menace the entire Soviet position in Siberia. Japanese garrisons and air-bases in Urga (Ulan-Bator), capital of Outer-Mongolia would be in a position to strike at the heart of Russia in the Lake Baikal and Ural districts. The Russians agreed to sell their Chinese-Eastern railway in Manchuria to Japan in order to avoid a war and more recently have agreed to compromise on the fishery and other questions, but always they have declared their intention not to surrender an inch of territory. Recent Japanese declarations of their intention to force Russia to sell northern Sakhalin with its valuable oil resources to the Japanese navy have always been answered by Soviet officials with the one word, "Ridiculous!" While the Russians and Japanese have, on numerous occasions in the past compromised their differences on the basis of division of territory (usually Chinese territory), it is difficult to see how such compromises can be continued indefinitely into the future because the Japanese military authorities are now determined to take everything themselves. The Japanese now want not only Inner-Mongolia but Outer-Mongolia and Sinkiang in the bargain. Also, they want the Amur and Maritime provinces of Siberia proper. Furthermore and this is a matter of primary importance, the Japanese have forbidden the Chinese government to negotiate any trade agreements, non-aggression pacts or understandings of any character with the Soviet Union.

MOSCOW'S REACTIONS ON THE MONGOLIAN ISSUE

THE following dispatch from Moscow, which quoted an editorial from the official organ *Pravda*, was distributed to the Shanghai newspapers on June 4 by the Soviet *Tass* news agency:

> "In 1933, the invasion of North China by the Japanese forces was stopped only by the energetic pressure applied by Great Britain, the United States and others. But now, the Japanese military clique apparently has succeeded, thanks to the Tangku truce, in establishing its control in that part of North China which is important from a political and economic point of view. The Japanese action has had the effect of removing Hopei and

Chahar provinces from the sphere of influence of the Nanking government.

"The Japanese military clique has converted the whole 'demilitarized zone' into a buffer state dividing the occupied Manchuria and Jehol from China. From this base, the feelers of Japanese military apparatus extend not only into Peiping and Tientsin but also into Chahar and Suiyuan.

"The Japanese merchants accompanied the army on all its compaigns in China used the demilitarized zone as their largest trading base to which they brought various goods amounting to several scroes of millions of yen thus forcing the goods of all other countries out of the market.

"The Japanese import enough opium and other narcotics through the zone to poison the whole population of North China and this fact deserves particular attention.

"Strategic plans of Japanese imperialism in North China have undergone no important changes in these past two years. On the contrary, the Japanese military clique and its agents have succeeded in preparing the ground for the establishment of Japanese control in North China. Chahar province is actually being controllod by Japanese military circles and Suiyuan is over-run by Japanese agents and spies.

"On the whole Japanese plans are divided into two parts: the first part leads to uniting the numerous Mongolian tribes in Chahar and Suiyuan and to founding a Mongol state which will form part of "Manchukuo". The realization of these plans will give the Japanese military circles an opportunity to create large military bases in Paotow, Kalgan and Dolonor.

"The second part of the Japanese plans includes the whole group of questions concerning Sino-Japanese relations.

"By dominating Peiping and Tientsin regions, Japanese imperialism can secure direct outlets to the central and western regions of China and on the other hand they can serve as a military base in the event of a 'Northern change' or a 'Great War' which has been carefully prepared by Japanese imperialists.

"It is not incidental that the Japanese military clique decided to take action in North China at this praticular time. The international situation which became complicated in Europe because of the intensified armaments of Germany has considerably weakened the activities of imperialistic powers in China and has untied Japan's hands.

"The chief aim of the new invasion of Japanese forces into China is to try to force China to recognize the seizure of Manchuria and to convert Peiping and Tientsin region into a 'demilitarized zone' which would thus take in all of North China and automatically place it under Japanese control.

"The referenee by the Japanese to the anti-Japanese activities of Chinese insurgents in Jehol and to the 'intrigues' of the governor of Hopei province, General Yu Hsueh-chung are only a convenient pretext for the seizure of the Peiping and Tientsin region."

Japan Now Moves to Oust Generals Chiang Kai-shek and Chang Hsueh-liang

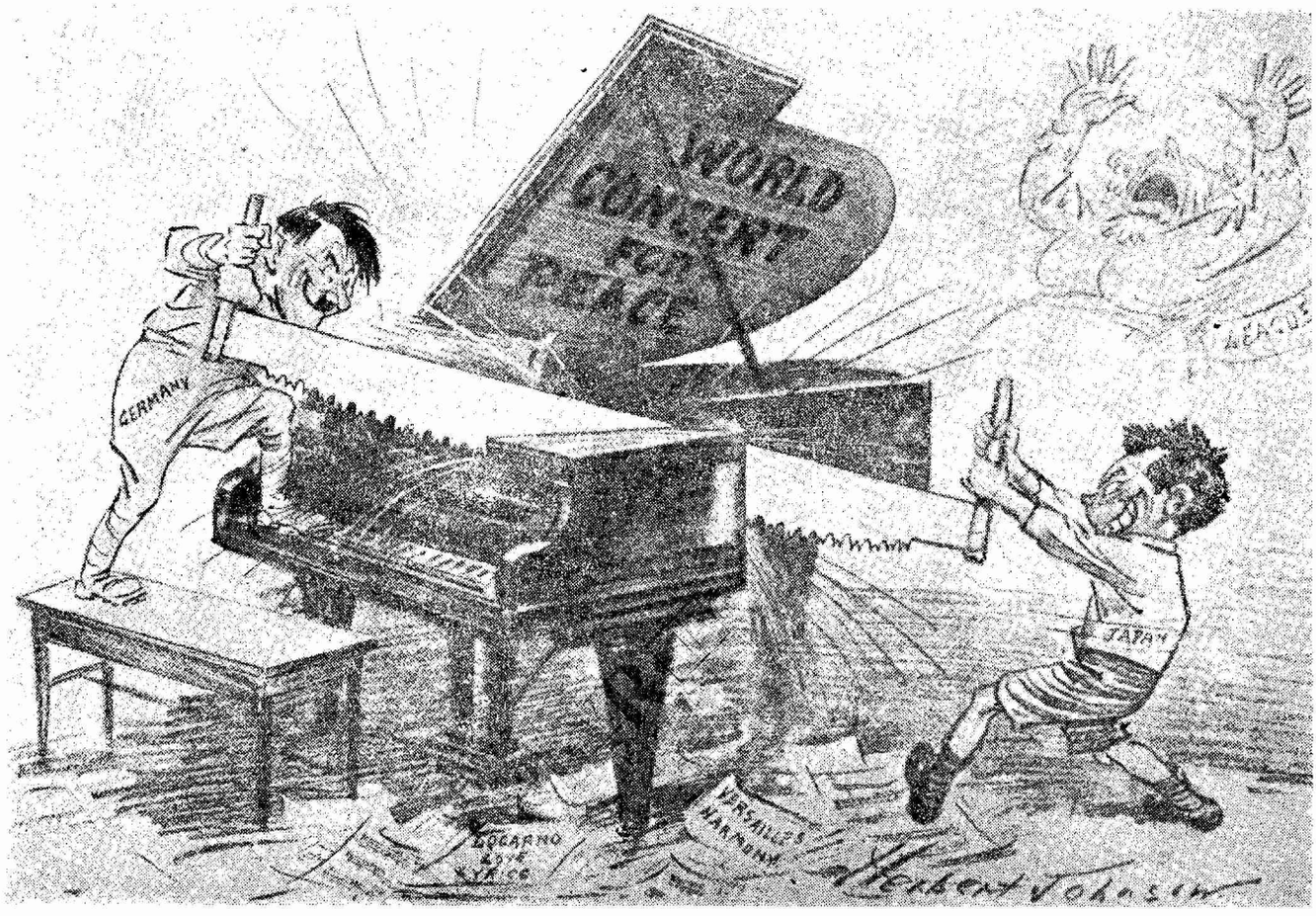
DURING February and March of the present year Japanese military officers stationed in Shanghai whispered to certain members of the foreign correspondents' corps stationed here, "Watch out for May and June as something important is going to happen in North China."

Since Japanese military officers, particularly those connected with the Kwantung branch of the Imperial army which controls Manchukuo, tipped off their friends three months ago that "something was going to happen in North China," this should dispose of the charge that the present crisis was provoked by the Chinese authorities either at Nanking or in the North. But one doubts whether there is anyone so gullible anywhere as to believe the Japanese charges of provocation. Of these charges the Japanese have emphasized two outstanding ones: Chinese assistance to the "bandit-volunteer" Sun Yung-chin and Chinese complicity in the murders of the two Chinese editors who were publishing pro-Japanese newspapers within the Tientsin Japanese concession. As to Sun Yung-chin, he operated within Jehol province, which is controlled by the Japanese army, for many months. Why the Japanese didn't suppress him when he was within their lines is not known, but early in May they permitted him to pass through their lines along the Great Wall into the so-called Demilitarized Zone of northern Hopei province. Then they charged that the Chinese magistrates within the Zone were secretly supporting "bandit" Sun, the evidence being that Sun and his followers were obtaining food from the farmers and villagers. Of course the farmers and villagers were supplying the bandits with food: they had to, because the bandits were well armed and the Chinese population was defenseless. When Gen. Yu Hsueh-chung, chairman of the Hopei provincial government tried to send a strong force of special police into the Zone on May 11, the Japanese blocked that move, allegedly because the Chinese forces were too heavily armed. A few days later the Japanese sent an ultimatum to Gen. Yu Hsueh-chung demanding the immediate suppression of the bandits. The following day the Japanese sent an army into the Zone, the Japanese force numbering not 1,000 men as officially announced by their headquarters, but a full brigade of more than 2,000 men. There were several clashes with the bandits and one serious engagement wherein the bandits allegedly lost 300 and the Japanese about a dozen men.

Then about the assassinations of the two pro-Jap editors in Tientsin, Hu En-pu and Pai Yu-heng. These murders promise to become as famous internationally as those of the two German missionaries who were killed by bandits in Shantung many years ago and in revenge for which the German Kaiser seized Shantung province. The two Chinese editors were shot on the night of May 3 in their homes within the Japanese concession at Tientsin. The Chinese have no authority whatever within the Japanese concession which is a little Japanese military preserve closely guarded and patrolled by Japanese police and soldiers. Obviously, China had no official responsibility for these murders, although the actual shots may have been fired by some Chinese student who was exasperated at the

activities of Chinese editors whom they regarded as traitors. The two Chinese editors, one of whom apparently had previously been a minor Kuomintang official, were being paid by the Japanese army to publish newspapers in the Chinese language which advocated "pan-Asianism." Had the murders occurred in Chinese-controlled territory the Chinese authorities might have been held responsible, but to charge the Chinese authorities with responsibility for murders committed within the closely-guarded Japanese concession was farcical. It is not impossible that the Japanese may have instigated the murders themselves as they obviously instigated the invasion of the Demilitarized Zone by "bandit" Sun. But neither incident was important, except in so far as they indicated the workings of the Japanese military mind. The Japanese were determined to put over their program so they framed a provocation as they did in the case of the occupation of Mukden in the fall of 1931 and the disastrous intervention at Shanghai early in 1932. As a matter of fact the editor of the Japanese newspaper in Shanghai, *The Mainichi*, declared on May 31 that the situation now existing in North China is almost exactly similitar to that which existed in Manchuria prior to the Japanese occupation in the fall of 1931 and at Shanghai before the Japanese intervention here early in 1932.

THE JAPANESE-GERMAN "DUET"



This cartoon, illustrating the cooperation of Japan and Germany as international peace disturbers, appeared in the "Saturday Evening Post" (U.S.A.) on May 18.

Elsewhere in this issue of *The Review* appears a detailed summary of latest developments on the North China and Inner-Mongolian fronts, together with various versions of the Japanese demands. But whether these demands number five, eight or fifteen is of little consequence because in the aggregate they constitute a repetition of the infamous Twenty-One Demands which the Japanese presented to Gen. Yuan Shih-kai in 1915 but most of which they were compelled to withdraw because of the opposition of the other Powers. Now, owing to the critical situation in Europe the Japanese military General Staff has seized on the present as a propitious time to demand everything which they were forced to withhold in 1915 and everything else they have wanted since, and including, of course, the recognition of the puppet state of Manchukuo.

The Japanese demands may be summarized in three words, CONTROL OF CHINA, and it makes little difference whether they are presented at the point of a bayonet at Peiping or Tientsin, or over a teacup in Wang Ching-wei's private office in the Foreign Ministry at Nanking, by Ambassador Ariyoshi. The meaning is exactly the same and any suggestion that there may be any difference between the policies of the War and Foreign offices as to what Japan wants is ridiculous and cannot be sincerely believed by anyone of average intelligence. The only differ-

ences which may exist among the Japanese with respect to dealings with China are only differences in method of accomplishment. The army naturally believes in direct methods, using rifles and machine-guns, while the Foreign Office officials follow along with softer words. The objective is the same in either case—CONTROL OF CHINA!

The Chinese National government is therefore faced with its most serious problem because the Japanese this time are not stopping with petty matters but are demanding the actual resignations of Generals Chiang Kai-shek, Chang Hsueh-liang and Yu Hsueh-chung whom they now regard, and rightly so, as the chief stumbling block to Japanese control. Colonel Takashi Sakai, chief-of-staff of the Kwantung army, according to an interview published in the *Shanghai Mainichi* on June 3 declared that the Japanese army does not intend to confine its activities to North China but has reached the conclusion that Gen. Chiang Kai-shek, head of the Chinese military establishment must go. Col. Sakai declared, "Gen. Chiang Kai-shek, by using the financial and military resources of the government under the pretence of unifying China, has actually been corrupting North China which he regards as a colony. The Japanese army leaders therefore feel that it is now the wisest policy to uproot the influence of Gen. Chiang Kai-shek entirely, but particularly in North China. It is no longer the communists but Gen. Chiang Kai-shek who will put an end to China's national existence. Therefore the Japanese army intends to take such necessary measures to compel the Chinese government to abolish all organizations, including garrison corps, Kuomintang political branches, 'Blue-shirt' and other secret groups, but also all such organizations as those devoted to the encouragement of consumption of native goods which have been responsible for creating anti-Japanese sentiment throughout China as well as disturbances within Manchukuo.

What naturally has happened is that the Japanese have become worried over Gen. Chiang's success in eliminating the communist elements and extending the political influence of the National government into interior districts which have been practically independent of the Central authorities since the first revolution in 1911. The Japanese army, and this includes all other important groups in Japan, fears the unification of China; hence it has picked on the present moment to put over fresh demands which would not only block China's political unification, but which are designed to bring the whole country under Japanese political and military control. It recently was reported that the Japanese military authorities were infuriated when General and Madame Chiang Kai-shek flew from Yunnanfu to Chungking on the Upper-Yangtsze in order to meet the members of the American Economic mission, now traveling in China, the Japanese claiming that this proved Chiang's "insincerity." The local Japanese newspapers also published sarcastic notes about the present trip of the British Ambassador, Sir Alexander Cadogan, to the Upper-Yangtsze, to interview Gen. Chiang, alleging that Chiang's attempt to obtain British help will prove as futile now as it has in the past.

According to latest reports Gen. Chiang has called a conference of leading officials from all parts of the country, to be held in Hankow early next week; hence it is impossible to determine at this time what policy the Government will follow. Reports regarding the withdrawal of the headquarters of the Hopei provincial government from Tientsin to Paotingfu, located 150 miles south of Peiping on the railway leading to Hankow, together with other reports of resignations and dismissals of officials indicate that Nanking apparently has decided to withdraw from most of the territory north of the Yellow river. This means that the way will be cleared for the Japanese to create another puppet regime in North China, the political head of which in all probability will be Gen. Huang Fu, who has been "resting" at Hangchow for several months apparently waiting for the present opportunity. The Japanese objective will be to use this new puppet regime against Nanking, in the event Nanking does not prove amenable to Japan's present demands. In addition to this move in the North, there is strong Japanese intrigue at Canton and in Kwangsi where the Japanese are capitalizing political opposition to Gen. Chiang Kai-shek and also probably are offering financial support in the event of a break. Thus does Japanese policy, based on the ancient principle of "divide and rule" continue to find supporters among Chinese political and military adventurers, even in the face of what has happened in Manchukuo since the Japanese occupation of that territory four years ago.

The pathetic element in the situation, now revealed in all its ghastly realities, is the complete collapse of the Nationalist revolutionary movement which, only a few years ago inspired millions of Chinese youths with hopes of a better day, domestically and internationally, for their country. Never, probably since the British conquest of India, has the world observed the spectacle of a great nation, containing the world's most numerous population, being subjected to alien control and without as yet any serious military opposition despite the fact that China probably has more men under arms than any other country. The blame, of course, does not rest entirely upon the heads of China's leaders, but also upon the world's leaders who have permitted the present catastrophe to come to pass. The result is certain to cause serious repercussions throughout the world and ultimately will bring about an international conflict. But the blame, fundamentally, rests upon China's leaders who have lacked intelligence, patriotism and statesmanship and have permitted selfish ambitions to blind them to the larger needs of their land and people.

Northeastern "U" May Remove to Kikungshan

(From the Review's Correspondent at Hankow)

THINGS are getting hot in Peiping for Marshal Chang Hsueh-liang's clique. The Japanese apparently are in dead earnest about killing any opposition to their plans of controlling north China, at least Hopei province. The Northeastern University was originally located at Mukden in the heydey of Marshall Chang Tso-lin and of his son, the Young Marshal. But when that fateful day in September 1931 had passed, the University authorities thought best to hie themselves south of the Great Wall. During these few years the Manchurian institution of learning has been seeking to set roots in the more favorable atmosphere of Peiping. Now it seems as though there is no peace for anyone anti-Japanese in north China. Only those officials who have been trained in Japan, or at least are pro-Japanese, have much of any say in Peiping or in Tientsin.

Northeastern University to Kikungshan?

Last summer Marshal Chang Hsueh-liang visited Kikungshan frequently. Not only did he reside there several days at a time, but he took an active interest in making the mountain absolutely safe against the Reds and other handits, who had during the past years made raids on the mountain, at one time carrying off several missionaries. Forts were built at strategic centers to guard the mountain passes and all important approaches to the top of the hill. Roads have been improved by soldier-labor, provided by the Young Marshal's own troops. No doubt he plans to make this mountain resort almost as famous as Kuling. Very persistent rumors are to the effect that the Northeastern University will be removed from Peiping to Kikungshan in the not distant future. This would be in line with the avowed purpose of the Young Marshal to have his troops and institutions near enough so that he may easily keep an eye on them and so that his followers may derive the maximum benefit from them.

Motor Road from Hankow to Kikungshan Projected

There are plans being made for an eventual motor road linking Kikungshan with Hankow. Already a large section of the road from Hankow northward has been completed. The road is also being surfaced with cinders and gravel. No definite time is given for the completion of the highway, but it is not impossible that the road may be finished before very many summers have passed. If the Young Marshal deems it necessary, the whole project can be completed in a half year's time.

New Sino-Foreign Advisory Board to Control Kikungshan

The Chinese government officials are to be congratulated on taking the initiative in inaugurating what promises to be a major project in the Central China area. Professor K. M. Liu, M.S., PH.D., has submitted a plan to the authorities and the confirmation of the appointment of Ting Chiao to the Directorship of the new project is expected momentarily. The main features of the new plan are as follows:

I.—Administration of Kikungshan

1. Appointment by the Provisional Headquarters of the President of the Military Commission of
   - (*a*) A Director.
   - (*b*) A Sino-Foreign Advisory Committee numbering 7 to 9 members.
   - (*c*) An English-speaking Secretary.
2. Creation of two departments:
   - (*a*) General administrative department.
   - (*b*) Construction department (consisting of university graduates with two years' experience): one Superintendent, one Civil Engineer, one Horticulturist, and one Educationalist.
   - (*c*) Public safety department, consisting of one director and 15 to 30 policemen.

II.—Finance

1935 Budget is placed at $32,000, of which sum the Hupeh and the Honan provincial governments will furnish $6,000 each, the balance, $20,000 will be raised from rental of houses, etc.

III.—Construction

1. Repairing houses. In 1934 forty houses were reconditioned, while in 1935 over twenty are to be revamped.
2. Athletics and Amusements. Swimming pools, tennis courts, cinema, and other equipment are to be constructed this summer.
3. More sanitation (including road sweeping, building of public urinals, etc.)
4. Planting of trees.
5. Utilizing of vacant land (900 mow).
6. Erecting hospital and schools.
7. Building of special camps for the soldiers.
8. Registration of all residents on the mountain.
9. Advertising the summer resort.
10. Special excursion fares on the Ping-Han Railway.

Kikungshan Very Peaceful This Past Winter

The past winter and spring have witnessed the most peaceful time Kikungshan has had since the 1926 troubles. The managers of the various hotels and hostels look forward to a rushing season. Most of the houses that have stood vacant since 1927 have either been sold or rented during the last few months. Property values are on the increase. Both the Business and the Missionary valleys will be showing signs of great activity again.

Commencement Exercises at American School, Kikungshan

The closing exercises of the American School, High School department, will be held on June 14. All of the graduates in this year's class will continue their studies in mid-western private colleges in America. Two former graduates of this school are returning in the autumn to become teachers in their Alma Mater.

General Chang Fah-kwei Interviews Marshal Chang

On his way to Chengtu to visit General Chiang Kai-shek, the former Commander of the "Ironsides", General Chang Fah-kwei arrived in the Wuhan center on June. After conferring with Marshal Chang in Wuchang, General Chang Fah-kwei was expected to fly to Chengtu on June 3. This is a most interesting development, showing the growing prestige of the Generalissimo and Marshal Chang.

Hankow, June 3, 1935.

Chinese Censorship

The French daily newspaper in Shanghai, *Le Journal de Shanghai*, in a recent editorial entitled, "Where a School for Censors Is Needed," referred to the "hot campaign" waged by *The China Weekly Review*. The *Journal* said it was not interested in getting the Japanese censored, but insisted that the censorship should be abolished all around. At any rate, said the *Journal*, the censorship was invoked in an absurd manner—the censors sometimes erring not from an intention to hurt another, but simply through ignorance and faint-heartedness. They play at being censors like children play at being soldiers or policemen.

In a jocular mood, the *Journal* said: "If you speak of incidents in the military zone and you say that the Japanese accuse Gen. Yue Hsueh-chung of arming the volunteers your dispatch will be suppressed. It will be noted that you have not accused Yu Hsueh-chung of supplying the volunteers with guns and ammunition—you have simply recorded that such an accusation has been made by the Japanese. Besides it is news that you can read in the Chinese newspapers. Nevertheless, the Eastern Extension censor will not permit you to telegraph it abroad. He will insist that you write that Yu Hsueh-chung and the Japanese are the best friends in the world. If, within a month, Yu Hsueh-chung is obliged to install himself at Paotingfu you may not say that he has received an order from Nanking to that effect so as to avoid all new friction with the Kwantung army, but that the Governor of Hopei has been transferred to a town 200 kilometers to the south of the demilitarized zone because the climate of that locality is more favorable to the health of his old parents, from whom, as a dutiful son, he does not wish to be separated. You may never in your dispatches write the name of Hu Han-ming, because the censor becomes pale at the sight of these three syllables, which recall the fact that there is an Opposition in China. For the censor there is no Opposition. If Hu Han-ming should rally to Nanking's cause you may not say that right away, but you must leave the censor several days to accustom himself not to strike out the name of Mr. Hu. For the censor, all his perfect. In his mind the communists have all been exterminated; nevertheless, in spite of that he will allow you the right to announce each day still further defeats that they have suffered."

China Finance Corporation Sells Yangtsze Steamers to British

Three vessels plying on the Upper Yangtsze, flying the American flag, were transferred last week to the British flag, as the result of negotiations between the China Finance Corporation and Butterfield & Swire, largest British shipowners in China. The vessels concerned are the m.v. *I-Fung*, the s.s. *I-Ping* and s.s. *Chi-Ping*, belonging to the Yangtsze Rapid Steamship Co. According to M. D. Purdy, president of the China Finance Corporation, the C. F. C. had advanced a million Chinese dollars to the Y. R. S. Co. over a period of years and title to the ships was obtained on October 1, 1934, when the Yangtsze Rapid Steamship Co., Hongkong & Shanghai Bank Building, signed a deed of trust on that date, which conveyed all vessels, docks, office, and furniture, fittings, and goodwill to the China Finance Corporation. The *North China Daily News* stated that the sale to B. & S. was arranged by Parsons & Co., ship brokers.

Japanese Army Asks Clarification of National Policy

THE Tokyo *Kokumin* May 28 stated that the Japanese Army has decided to demand that the Cabinet Investigation Bureau study and establish a concrete policy for clarification of national policy, an issue which arose when Dr. Tatsukichi Minobe said that the Emperor was an institution. The reason why the Army has come to this decision is that clarification of national policy should, in its opinion, be settled ahead of any other State policy, because it forms the basis of State policy. Japanese Army and ex-servicemen continue to demand that disciplinary action be taken against Dr. Minobe, and are also seeking to stop the teaching of such theories (as advocated by Dr. Minobe) in educational institutions.

Isoo Abe, "father" of Japanese baseball and president of the Socialist Masses Party, the only legitimate proletarian political group in Japan, is among those who were selected June 1 by the Government as members of the Cabinet Bureau of Investigation, subsidiary organ of the National Policy Council, Japanese counterpart of the American "Brain Trust."

"Big business" will be represented in the Cabinet Bureau by Ichizo Kobayashi, president of the Tokyo Electric Power Company; Otokichi Shoji, vice-president of the Toyo Cotton Spinning Company; Shozo Murata, president of the Osaka Shosen Kaisha and Sosuke Okaya, vice president of the Nagoya Chamber of Commerce and Industry.

Later telegrams stated that Isoo Abe and Shozo Murata (president of the O.S.K. shipping line) had declined to accept the Government's invitation.

New Party Movement Gains Force

Fresh impetus was given June 3 to the movement for the formation of a new political party, with the return to Tokyo from other cities of several prominent sponsors of the projected organization. Two strong currents are discernible. One of these is the movement for the formation of a new party, headed by Uchida and Mr. Akita, former speaker of the House of Representatives, who resigned from the Seiyukai last December in protest against "vacillating leadership". The other movement is led by the "revisionist" faction within the ranks of the Seiyukai, headed by Yonezo Maeda and Ichiro Hatoyama, former Minister of Education.

Japanese Buying Rapeseed in China

Three Japanese merchants arrived in Wuhu last week to negotiate with various Chinese companies for the export of rapeseed to Japan. No rapeseed had been exported from China to Japan since 1931, when a general anti-Japanese boycott was launched.

Japan's Trade Shows Favorable Balance of More Than Five Million Yen in Latter Part of May

Japan's trade figures for the last ten days of May showed a favorable balance of Yen 5,541,000; exports, Yen 97,212,000; imports, Yen 91,671,000.

Japanese Cotton Goods Exports to China Make New Record in April

Japanese exports of cotton yarn and cotton cloth to China reached a new high record for 1935 during the month of April, according to figures made public by the Cotton Cloth and Yarn Export Trade Association in Osaka, May 30.

Increase of Commercial Officers Planned by Japan

Vast increases in the personnel devoted exclusively to the handling of commercial affairs in Japanese embassies, legations and consular establishments were recommended to Mr. Hirota, minister of foreign Affairs, by the Efficiency Commission of his Ministry May 29. The seven newly-created commercial consuls are to be attached to the consulates-general at San Francisco, Sydney, Shanghai, Tientsin, Tsingtao, Canton and Nanking, while nine vice-consuls will be detailed to consulates-general and consulates at Singapore, Manila, Hankow, Hongkong, Harbin, Mukden, Panama, Bombay and Soerabaya.

Japanese and Dutch Steamer Lines Engage in Freight War

A freight war between Japanese and Netherlands shipping firms commenced June 4 when the Java Freight Tariff Conference, organized to eliminate competition, was formally dissolved. The Japanese shipping firms have been trying their best to take business away from the Java-China-Japan Lijn, Netherlands concern, but have so far failed.

Netherlands Indies Ideas Explained to Consul General Koshida

Consul-General Koshida in Batavia recently pointed out to Dr. Hart, the N. E. I. commercial representative, that the N.E.I. Government had adopted policies detrimental to the interests of Japanese shipowners and explained in detail the latter's contentions on the issue. In replying to Mr. Koshida, Dr. Hart stated that the import restriction decrees had been necessitated by internal economic conditions in the N.E.I. Dr. Hart, who returned to Batavia on May 10 from an extensive trip of China and Japan, conferred with Japanese officials on the reopening of the interrupted Batavia talks and of the adjourned Japan-Netherlands shipping parley in Kobe.

Toyo Spinning Co. to Continue Dividend of 18 Per Cent

Another 18 per cent. dividend was declared for the current term by the Toyo Cotton Spinning Company at Osaka following a meeting of the firm's board of directors June 3.

Fukai Appointed Governor Bank of Japan

Eigo Fukai, assistant governor of the Bank of Japan, June 4 was promoted governor, in succession to Hisaakira Hijikata, who has resigned.

Marquis Hachisuka Gets Jail Sentence in California

Marquis Masauji Hachisuka, member of the House of Peers and a world-renowned traveller, was fined $25 and given a suspended sentence of five days at Visalia, Cal., by a Justice of the Peace, last week, on a charge of reckless driving.

Japan to Take Retaliatory Measures Against Canada

Japanese Foreign Office authorities have given the Ministry of Finance a free hand to take retaliatory measures against Canadian imports to Japan.

Osaka Traders Plan Reciprocal Trade with Near East

Hajime Matsushima, Nippon's Ambassador-at-large, who will soon leave for a tour of the Near East, has been asked by Osaka merchants to study the possibility of reciprocal trade relations with the countries through which he will pass.

Faster Vessel Put on Tsuruga-Vladivostok Run

The *Siberia Maru*, 3,462 tons, with a speed of 16 knots, was put on the Tsuruga-Vladivostok run May 28 by the Kita Nihon steamship line.

Japan Broadcasts for Benefit of Nationals Abroad

Regular daily shortwave radio voice broadcasts of one hour's duration, destined primarily for the entertainment of the 700,000 Japanese residents abroad and their children, were begun by the Japan Broadcasting Association in Toyko June 1.

Japan-Philippine Association to Be Formed in Tokyo

Plans for formation of a Japan-Filipino Association, headed by Marquis Tokugawa, were announced in Tokyo May 29. The announced purpose of the new organization is to promote cultural contacts by establishing a system of exchange professors and providing for Filipino students in Japan.

Siamese Gift Elephants Arrive in Kobe

Two trained elephants presented by the Siamese Boy Scouts to their Japanese colleagues, arrived in Kobe from Bangkok June 3.

Japan Employers Oppose Prohibition of Child Labor

Instructions to oppose all proposals for an international agreement on the reduction of working hours and the prohibition of child labor to be made at the Nineteenth International Labor Conference now in session in Geneva, were sent to Fukuo Watanabe, representative of Japanese employers, by the Empire Union of Industrial Organizations, June 3.

Manchukuo Oil Monopoly Kills Foreign Oil Interests

The *Manchuria Daily News* of May 16 quoted R. G. Doolan, who was manager of the Standard Oil company's Dairen branch for the past year and a half on the eve of his leaving for Manila (to which place he has been transferred), as saying that the Manchukuo oil monopoly is practically killing the foreign oil interests in Manchuria. The Socony branch at Dairen is now being managed by L. C. Perry.

Foreign Companies Withdraw Offices in Interior of Manchuria

Tokyo *Hochi* May 24 printed a dispatch from Hsinking that the representatives of the Rising Sun Petroleum Company and Standard-Vacuum Oil Company called at the Finance Department of Manchukuo and demanded that the Government purchase the crude oil in stock and the equipment of sales agencies scattered throughout Manchuria. Chief Hoshino of the Secretariat of the Finance Department explained that the Manchukuo Government has the intention of giving the British and American companies preferential advantage in buying machine and other oil. The foreign oil companies, it was stated, decided to abolish the system of agency in remote places (equipment to be purchased by the Manchukuo Government) and carry on their business at Dairen and Yingkow and sell machine oil and other oils to the Manchukuo Government.

The *Asahi* May 23 stated that the Manchukuo Oil Monpoly Bureau had placed an order for 5,000 cases of lamp oil and gasoline with the Japan Oil Company, Kokura Oil Company and Mitsubishi Oil Company. The oil will be landed at Seishin, Korea.

Vice-Admiral May Head Saghalien Oil Concern

Consent of the Japanese Navy Office for the assumption of the Presidency of the North Saghalien Petroleum Company by Vice-Admiral Masazo Sakonji has been secured by the directors of the concern. Vice-Admiral Sakonji retired from active service last year.

Japan Threatens War Unless China Accepts Demands; "Down With Gen. Chiang Kai-shek"---Sakai

HIGH LIGHTS IN THE EVENTS OF THE WEEK

1. **Japan Presents Inexorable Demands to Nanking.**
2. **Kwangtung Army Dispatches Troops South of Great Wall.**
3. **Tokyo War Office Announces Readiness to Act in North China.**
4. **Japanese Demand Abolition of Kuomintang Organizations.**
5. **Powers' Intervention in North China Thought Unlikely.**
6. **"Down With General Chiang Kai-shek,"—Col. Sakai.**
7. **Sakai Declares No Room for Bargaining in North China.**
8. **Significant Conversations Between Ho Ying-chin and Sakai.**
9. **Transfer of Hopei Government and 51st Army to Paoting.**
10. **New Japanese Schemes of Expansion in Inner Mongolia.**
11. **Chinese Leaders to Confer on Nothern Situation in Hankow**
12. **General Chiang Kai-shek Urges Reforms in Szechuan.**

"Strong represenations" on a number of outstanding issues have been filed with the Nanking Government by the Japanese Foreign Office, a Gaimusho spokesman revealed May 30. The representations, according to the spokesman, dealt with the following points:

1. Chinese officials are conducting and sponsoring anti-Japanese propaganda and activities not only in their own country, but also in Great Britain, the United States and Geneva. China is also seeking a seat on the Council of the League of Nations.

2. Utterly disregarding Japanese protests, the Chinese authorities intend to increase the customs tariff on June 1. The Chinese decline to entertain Tokyo's request on the plea that to make any concessions now, while the situation in North China is very tense, would seriously affect China's prestige. This plea, according to the spokesman, made it apparent that the Chinese were mixing political with trade problems.

3. The Chinese authorities are delaying the inauguration of radiophone service between China and Japan, although they are already conducting tests prior to opening such service with the United States. Moreover, the Chinese are proposing to take over from the Japanese the operation of the Shanghai-Nagasaki cable lines.

4. Chinese newspapers in Shanghai refuse to publish Japanese advertisements, despite their outwardly friendly pronouncements. The Japanese authorities in Shanghai are at present negotiating on the question with Gen. Wu Teh-cheng, Mayor of Shanghai.

5. Despite repeated Japanese requests since 1932 for the suppression of Korean outlaws in China, The Chinese authorities continue to provide shelter to those who escaped the Japanese jurisdiction, and allow them to conspire in Nanking and other cities. Moreover, some of these outlaws have been admitted into Chinese Military Cadet Schools, and have been employed to propagate anti-Japanese ideas in China. A strong protest on this subject has been filed with Wang Ching-wei.

KWANTUNG ARMY SENDS TROOPS SOUTH OF GREAT WALL

The Japanese army authorities in North China issued a strongly-worded communique on May 29, warning the Chinese authorities in Peiping that Japanese troops will be sent south of the Great Wall, if the alleged "intrigues" continue unabated. The text of the communique as served to the Peiping Political and Military Councils by Col. Takashi Sakai, chief of staff of the Japanese forces in North China, and Col. Tan Takahashi, assistant Japanese military attache in Peiping, reads as follows:

"The frequent acts of Chinese intrigue directed against Manchukuo, the Chinese assistance to the 'volunteers' in the vicinity of the Great Wall, acts of anti-Japanese terrorism centering in Tientsin and others form a violation of the Tangku Peace Agreement, and reflect General Chiang Kai-shek's anti-Japanese activities.

"The fact that these acts had their origin in Peiping and Tientsin add gravity to the situation.

"Such acts may make it necessary for the Japanese forces to come south of the Great Wall, and necessitate the placing of Tientsin and Peiping within the North China demilitarized zone.

"The daring assassination of two Chinese journalists in the Japanese concession in Tientsin is an obvious violation of the agreement reached following the Boxer Rebellion, and is not only an anti-foreign act but is also a provocative gesture aimed at the Japanese Army.

"Continuation of such acts is forcing the Japanese Army to act in self-defense, on the basis of righhts vested in Japan under the terms of the Boxer agreement.

"The responsibility for the outcome of any action that the Japanese Army may take rests upon the shoulders of Chinese authorities."

TOKYO WAR OFFICE ANNOUNCES READINESS TO ACT IN NORTH CHINA

Responsibility for the future developments in the situation in North China rests with the Chinese authorities in Peiping, a spokesman for the Japanese War Office declared May 30. He also announced the readiness of the Japanese Kwangtung Army to take the situation in its own hands should the "acts of treaty violation and in sincerity" be repeated by the Chinese.

"Whether the present North China situation comes to an early and satisfactory settlement or assumes further complications," he declared," depends entirely upon the Chinese authorities."

Gen. Senjuro Hayashi, Japanese War Minister, told Japanese and foreign press representatives at Mukden June 4 that he expected the Chinese authorities in North China to accept the demands laid down in the Japanese representation of May 29. He also denied that there has been any disagreement between the Japanese Government and the Army authorities in North China, saying that the Army took up the issue with the Chinese because it concerned the Tangku Peace Agreement.

Gen. Hayashi said that there were two kinds of diplomacy, those of co-operation and of might, and that the two had to work in conjunction to achieve the best possible results.

The War Office on June 3 charged that the Chinese authorities in North China were "directly or indirectly" responsible for the recent violations of the Tangku Peace Agreement. Among such acts mentioned by a spokesman of the War Ministry were the anti-Manchukuo activities of Sun Yung-chin's band and the assassination of two Chinese editors in the Japanese concession in Tientsin. These acts were not merely perpetrated by "bandits or desperadoes," but were committed by "Chinese secret societies, militarists and officials." With direct or indirect backing of the Chinese authorities in North China, the spokesman declared.

The Chinese administration in North China, he continued, has broken its own solemn pledges made in the Tangku Peace Agreement to take no action prejudicial to Japan or Manchukuo. This, he added, has greatly endangered the present and future relations between China and Japan.

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"Strictly speaking," he went on, "Japan could have dealt with these illegal acts on the part of the Chinese authorities under rights vested in her by the official notes exchanged by the two countries in 1902 and dealing with the return of Tientsin to China."

JAPANESE FORCES, ACCEPTANCE OF EIGHT DEMANDS ON CHINA

Adoption of the following eight-point program for application to North China by high Chinese officials is held necessary by Japanese observers in Peiping as a condition for the avoidance of a repetition of the settlement of North China situation, reported *Rengo* June 1.

1. Removal of Gen. Yu Hsueh-chung, chairman of Hopei, and of Chang Tin-gao, mayor of Tientsin.

2. Transfer of all troops under the direct control of Nanking or belonging to generals formerly owing allegiance to Marshal Chang Hsueh-liang.

4. Abolition of the Peiping Chinese Gendarmerie Headquarters (under direct control of Gen. Chiang Kai-shek.)

5. Maintenance of peace and order in Peiping-Tientsin area by Peace Preservation Corps and militia.

6. Complete abolition or rigid curtailment of the activities of the city Kuomintang tangpus in Peiping and Tientsin.

7. Abolition of the Political Training centers maintained by the Kuomintang and the removal of the headquarters of all secret terroristic societies such as the Blue Shirts, etc.

8. The handing over to the Japanese authorities for punishment of the murderers of Pai Yu-yuan and Hu wen-pu, pro-Japanese editors in Tientsin.

JAPANESE DEMAND ABOLITION OF ALL KUOMIN TANG ORGANIZATIONS

As the result of the meeting attended by Isogai and Amemiya, Japanese Military Attaches in Nanking, and Kagesa and Ichida, complete agreement has been reached by the Japanese Kwantung Army, the Japanese Army in Tientsin, and the Japanese military attaches in various parts of China, in regard to the steps which will be taken in connection with the present situation in North China. According to their decision, the *Shanghai Mainichi* reported May 31, they will carry out the policy of the Japanese War Office towards China independent of the attitude of the Japanese Foreign Office. For the purpose of strengthening the cause of the successful development of the three countries, China, Japan and Manchukuo, the Japanese representatives will demand that the Nanking authorities abolish the headquarters of Kuomintang and all kinds of secret orgaanizations including the Blue Jackets and the C. C. group under the control of the Kuomintang.

NO CHINESE TROOPS SHOULD REMAIN IN NORTH CHINA

In addition to their demand that Gen. Yu Hsueh-chung resign and that the Peiping Branch of the Military Affairs Commission be abolished, the Japanese authorities demand that not a single Chinese soldier under the command of General Chiang Kai-shek or General Chang Hsueh-liang should remain in North China, reported *Shanghai Mainichi*, June 4.

A *Rengo* report states that the Japanese authorities demand that the Chinese Government complies with the following points.

(1) that all kinds of provocative and disorganizing activities shall be prohibited, in accordance with the Tangku Agreement.

(2) that the organizers of the provocative activities shall be severely punished.

(3) that all activities by anti-Japanese elements in Peiping and Tientsin shall be discontinued, and

(4) that the Nanking Government should sincerely express her desire for the fulfillment of the Tangku Agreement.

Moreover, the Japanese authorities insist that North China shall be included in the Demilitarized Zone, because this will mean the establishment of a new corridor between Japan, China and Manchukuo, thus removing the source of conflict.

"SHANGHAI MAINICHI" ON POLICY OF NANKING GOVERNMENT TOWARDS JAPAN

In an editorial dealing with the present policy of the Nanking Government on May 27, *Shanghai Mainichi* points out the official assistance given by the Chinese Government leaders to Sung Yung-chin. The Japanese paper characterizes Sung as the vanguard of Chinese troops who will invade the region of "Manchukuo."

Regarding Nanking's attitude towards Japan, the paper recalled the instructions issued by the Chinese Government for the discontinuance of anti-Japanese activities, as well as the anti-Japano-Manchurian activities of the Blue Jackets and other organization affiliated with the Nanking Government." All these are the concrete manifestions of the basic principle of the National Government that China shall negotiate with Japan on the one side, and oppose her on the other."

The Japanese paper further notes that the Nanking Government adopts such a double-faced policy only because they want to avoid the possibility of the "blow-up" of Sino-Japanese relations on the one side, and desires with the cooperation of European and American powers to place Japan in a most difficult position.

TOKYO MILITARY OBJECTS TO GEN. CHIANG DEMARCHE

The Chinese Ambassador to Japan, General Chiang Tso-pin, on May 31 invoked the good offices of the Minister of Foreign Affairs, Koki Hirota, to prevent the situation in North China assuming serious proportions.

General Chiang said that the situation had apparently arisen from mutual misunderstanding, and declared that the Chinese authorities sincerely desired a peaceful settlement.

Rengo reported on June 1 that loud objections were raised in Tokyo military circles to the call of Gen. Chiang Tso-pin on Koki Hirota to discuss the North China situation. War Office spokesmen took vigorous exception to the steps taken by Gen. Chiang on the ground that he was seeking to secure a "diplomatic settlement" of the present situation in North China, which they regard as "purely military issue."

Spokesmen for the War and Foreign Offices on June 1 simultaneously issued categorical denials that the two ministries were at logger heads over North China situation emphasizing that an "idenitity of views" exists between the diplomatic and military authorities.

ARIYOSHI TO SEEK HALT IN CHINESE PLANS FOR TARIFF INCREASE

Akira Ariyoshi, the first Japanese Ambassador to China, left Tokyo at 9 o'clock in the morning of June 4 for the Kwangsi district en route to his post. After conferring with businessmen in Osaka, Mr. Ariyoshi is scheduled to sail from Kobe aboard the N.Y.K. liner Shanghai Maru on June 10 for Shanghai where he is due two days later.

The envoy probably will present his credentials to Lin Sen, President of the Chinese National Government, on June 14.

Reports that an extension of the demilitarized zone in North China, so that it would include Peiping and Tientsin, was impending, were denied by Mr. Ariyoshi on June 4 at Yokohama.

"The area of the demilitarized zone is not the kind of a thing that can be easily expanded or shrunken at will," he told his interviewers. "The present situation in North China is to be regretted. It was created by the repeated violations of the Truce Agreement and other breaches of faith by the Chinese, and I don't think that the demands made by the Japanese military in North China are so unreasonable," the envoy said.

"I believe that the Chinese authorities will soon realize what we mean and decide promptly on what attitude to take, I intend to give them some advice," he added.

Mr. Ariyoshi will not include the settlement of the North China dispute in his negotiations with the Nanking Government. This was indicated on June 3 by a spokesman of the Foreign Office, who said that the North China difficulties are regarded as a local problem to be settled between the Chinese administration and the Japanese military authorities in North China.

When Mr. Ariyoshi arrives in Nanking, he will call on the Chinese Government to demonstrate the sincerity of its appeals for Japanese friendship, before taking up the settlement of the outstanding issues between the two countries. This is the gist of the instructions received by Mr. Ariyoshi from Koki Hirota, Foreign Minister, *Rengo* reported June 2. Complete suppression of all anti-Japanese activities is considered by the Foreign Office the paramount problem in the Sino-Japanese relations. Plans for economic co-operation, including a scheme for Japan's assistance in the cultivation of cotton in Honan, Shansi and other provinces, and her purchases of Chinese raw cotton and other staples, will also figure prominently in the negotiatiins between Mr. Ariyoshi and the Nanking Government officials, observers said. The new ambassador, they pointed out, will probably file strong protests with the Nanking authorities on the proposed tariff increases, which the Foreign Office considers detrimental to the development of Sino-Japanese trade. He will also seek the suppression of the activities on the part of Korean outlaws in China. Mr. Ariyoshi will strive to obtain Nanking's cooperation in the inauguration of regular commercial air lines and radiophone service between the two countries. A speedy readjustment of Japanese loans to China will also be brought up by Mr. Ariyoshi for discussion at the negotiations with the Central Government.

HIROTA INSTRUCTS SUMA TO BALK INCREASE OF CHINA TARIFF

Instructions to file strong objections to the Chinese Government's plan to enforce a blanket 10% increase in the Chinese import tariff rate with the responsible Nanking authorities were sent to Yakichiro Suma, Japanese Consul-General in the Chinese capital, by Koko Hirota, Japanese Foreign Minister, May 28, according to *Rengo*. The Chinese tariff raise is expected to be announced June 1. Such action by the Chinese Government, a spokesman of the Foreign Office said May 29 will not only affect unfavorably Sino-Japanese commercial relations, but will delay the economic recovery of China.

JAPANESE RELIEF FORCE TO LEAVE FOR CHINA JULY 7

A detachment from the Fourth Division of the Japanese Army left Osaka for North China on June 7 to relieve units whose term of service here is expiring. The detachment consists of the Wakayama Sixty-First and the Sasayama Seventieth Infantry regiments and the Takatsuki Fourth Engineer Battalion. Prior to the departure of the force for their new station, Prince Naruhiko Higashikuni, Commander of the Fourth Division, will address the troops.

POWERS' INTERVENTION IN CHINA THOUGHT UNLIKELY

Reuter reported that well-informed circles in London are of the opinion that there is no prospect of a third party attempting to intervene in the Sino-Japanese dispute in North China. Intervention, they believe, will only aggravate the situation, which may possibly be solved along lines less ferocious than first appearances suggested.

In this connection, distinction is drawn between ranking Japanese military officers, who are open to argument, and the over-bearingness of their subordinates, who, it is generally agreed, are to blame for the military demonstration May 30 outside the Yamen in Tientsin of Gen. Yu Hsueh-chung. Nevertheless, the contrast in the draconian attitude of the Kwantung Army leaders and the persuasive methods of K. Hirota, the Japanese Foriegn Minister, and A. Ariyoshi, the Japanese Ambassador to China, which were obviously bearing good fruit, causes grave concern in London. It is feared that the efforts of Mr. Hirota to convince China that Japan has no aggressive designs on China have been seriously compromised. Possible reactions to Japan's dealings with other Powers are also not being ignored. It is pointed out that it is difficult for anyone to know where they stand when Tokyo's policy is liable at any moment to such violent disturbances. Chinese circles in London recall their prophecy three months ago that the Japanese militarists had given the civilian Japanese government a time limit until June to achieve definite results concerning China.

Rengo reported that Foreign Minister Koki Hirota on May 30 cabled Japanese envoys abroad instructions to assure the governments of the various Powers that foreign rights in North China would be respected by the Japanese forces there and that no concern should be felt regarding them.

"DOWN WITH CHIANG KAI-SHEK" SAYS SAKAI

In an interview with a *Dempo* correspondent late in the evening of June 2 at Tientsin, Col. Takashi Sakai declared that necessary measures shall be taken by the Chinese Government for the abolition of such organizations as the C. C. group, Garrison Corps, Society of National Salvation, the Kuomintang organizations and the Blue Jackets.

"We have been forced" he continued, "to come to the conclusion that General Chiang Kai-shek must reliquish his post." He further points out that with the financial and military support and under the pretence of unifying the country, Generaal Chiang Kai-shek is disintegrating and corrupting North China which he regards as a colony. "We are friends of China and by no means are we her enemies. We feel that it is wisest to uproot General Chiang's influence especially in North China. Not the Communists but General Chiang Kai-shek will put an end to the existence of China."

NO ROOM FOR BARGAININ CLARES JAPAN

Col. Takashi Sakai on May 30 announced that the policies of the Nipponese military "cannot be changed one inch." This declaration, was made following his interview with an emissary of Gen. Ho Yin-ching at Peiping.

"What we informed the Chinese authorities on May 29 embodies our fixed policy. It does not contain any bargaining point that can be altered through negotiations. There is nothing in it that can be changed one inch," Col. Sakai said. Should the Chinese authorities" find difficult to carry out" measures designed to comply with the Japanese requirements, Col. Sakai continued," they can leave them undone. We'll carry them out."

In his conversation with Gen. Ho's representative, Col. Sakai said he recalled the fact that Japanese airplanes had been flying in formation over Peiping during the last few days.

"Those craft will probably appear over Kalgan soon," Col. Sakai told the Chinese officials. "You, of course, understand what that means. Our attitude is determined. We don't intend to force you to do what you say it is difficult for you to carry out. We shall only carry out what our policy demands."

SAKAI SAYS GEN. CHIANG'S INSTRUCTIONS TO GEN. HO INSINCERE

"Gen. Chiang Kai-shek's instructions to Gen. Ho Ying-chin lack sincerity, do not dispose of the issues brought up in the Japanese representation, and fail to provide an assurance as to the future development in North China. Therefore, the responsibility for what may happen will fall on the shoulders of Gen. Chiang." This statement was made June 4 by Col. Takashi Sakai.

"Gen. Ho's explanation of the measures taken to meet the points raised in our presentation failed to satisfy us, and we urged him to take speedy action," Col. Sakai continued.

During the interview, Col. Sakai warned Gen. Ho that further delays may have grave effect upon the situation in North China, and that the Japanese Government was maintaining its firm attitude.

Col. Sakai also urged Gen. Ho to take prompt action to discontinue the "provocative acts of Chinese troops" in damaging Japanese military telephone lines at various points along the Peiping-Mukden Railway, where Gen. Yu Hsueh-chung's troops are stationed.

SIGNIFICANT CONVERSATIONS BETWEEN SAKAI AND HO YIN-CHIN

The following is an exact repreduction of the conversation which took place May 30 between Col. Takashi Sakai and General Ho Yin-chin according to the *Shanghai Mainichi*:

Sakai: Up to the present, does China recognize her responsibility for the recent position taken by the Chinese authorities at the Great Wall which is the sole frontier between China and Manchukuo?

Ho: I do not know.

Sakai: Is General Chiang Kai-shek behind the North China incidents?

Ho: General Chiang Kai-shek is innocent of this.

Sakai: After all, who will take the responsibility for the serious situation which is straining relations between the two countries?

Ho: (silence)

Sakai: We do not demand that you answer our representations because these communications were simply a matter of form. The action you will take on this matter is up to you. We will pursue our usual course of action. Until now, you yourself are of course responsible for the frontier incident. Our War Office does not intend to complicate the situation. With the full agreement of our people, the present representations may obtain support from the whole world.

Ho: (silence)

Sakai: Was General Yu Hsueh-chung or some one else back of the assassination of the two editors in the Japanese Concession?

Ho: Have you any proof?

Sakai: Thanks to the deliberate investigation conducted by the Japanese policemen in the past month, we have found that measures and steps were taken by interested circles in this connection.

Ho: (silence)

Sakai: Do you consider that General Chiang Kai-shek is selling his country by maintaining friendly relations with Japan on the one hand and by fomenting anti-Japanese activities on the other? General Chiang is just a man who is selling his country. What would you think if General Chiang were forced to resign?

Ho: (silence)

Sakai: Both the murder of the two editors and the attitude of General Yu Hsueh-chung are merely petty questions. The attitude of General Chiang Kai-shek towards Japan is the fundamental question. General Chiang has the final decision on all things in the country and therefore we only demand that he express his own attitude clearly.

Ho (silence)

Representations made by Japanese army representatives with the Chinese political and military authorities in Peiping on May 29 and the operations carried on against anti-Manchukuo irregulars by the Kwantung Army in the Luantung Demiltarized Zone are two separate and independent issues, declared Col. Takashi Sakai, May 31.

"We pointed out that the 'doubled-faced policies' followed by General Chiang Kai-shek should be rejected and particularly that the repetition of acts which violate the spirit of the Tangku Truce Agreement in a frontier area, which is specially designated in the pact, may bring about unexpected incidents. Our representations were made to prevent such occurrences and no condition was attached."

TIENTSIN JAPANESE CONSUL WARNS GEN. YU ON SECRET SOCIETIES

The Japanese authorities in North China are prepared to take suitable steps to eradicate unlawful secret groups, "irrespective of their connections," if the Chinese administration fails to do so. This warning was contained in an official communication served on General Yu Hsueh-chung, on May 31 by Shigeru Kawagoe, Japanese Consul-General at Tientsin. The uneasiness now prevailing in North China, the warning continued, can be largely ascribed to the existence of such groups, and the Japanese authorities cannot overlook their activities in the Japanese concession in Tientsin.

Lieut.-Gen. Yoshijiro Umetsu, Commander of the Japanese troops in North China, arrived at Dairen from Changchun en route to Tientsin. Questioned by *Reuter* whether "dark clouds were actually hovering" North China, he replied laconically:—"I leave it up to your imagination." While at Changchun, Lieut.-Gen. Umetsu, General Hayashi, (Japanese Minister of War), and Gen. Minami (Japanese Ambassador to Manchukuo and Commander-in-Chief of the Kwangtung Army) reached important decisions concerning the Japanese policy in North China.

"Provocative acts" against Japanese forces in North China should be halted immediately if a settlement of the tense situation there is to be achieved, Lieut.-Col. Sen Amemiya, assistant Japanese military attache in Nanking, told Tang Yu-jen, Vice-Minister for Foreign Affairs of the Nanking Government, May 31. Lieut.-Col. Amemiya said that Mr. Tang had expressed a complete understanding of the Japanese attitude and had promised to report the matter to Wang Ching-wei.

TENSE SITUATION IN TIENTSIN

A tense situation was caused in Tientsin on May 30 when more than 200 Japanese soldiers, armed with rifles and reinforced by two armoured cars and one tank, assembled outside the headquarters of the Governor, Gen. Yu Hsueh-chung. After moving about in the outer courts of the Headquarters for about one hour, the Japanese soldiers dispersed without any incident occuring.

The Japanese troops in Tientsin are completing preparations to hold entensive maneuvers on street warfare in the Japanese Concession. Since June 3, sandbags have begun to be piled up at intersections of the streets and barbed wire defenses also erected. The situation looks threatening.

UNEASINESS PREVAILS IN PEIPING

Rengo reported on May 31 that general uneasiness prevailed in Peiping, with numerous foreign residents withdrawing their funds from local banks in preparation for evacuation for safer regions. Among the rumors which disturbed the public was a report alleging that the inclusion of Peiping and Tientsin within the demilitarized zone was imminent.

NORTH CHINA SITUATION SIMILAR ON EVE OF MUKDEN OUTBREAK

The *Shanghai Mainichi* on May 3 stated that the present situation in North China is not different from that which led to the outbreak of Shanghai and Mukden incidents.

JAPAN DEMANDS REMOVAL OF ALL CHINESE OFFICIALS OPPOSED TO HER

"The Japanese military authorities want to remove all Chinese officials opposed to Japan's ambitions, and I am first on the list," said Gen. Yu Hsueh-chung when interviewed by *Reuter* May 31.

Gen. Yu, who expects that his resignation will be demanded, intimated that he would act as he thought necessary. He stated that the Japanese troops had not been withdrawn from the demilitarized zone following their action against Sun Yung-chin's bandits, thus indicating that the present policy of the Japanese authorities was the gradual military penetration of North China, beginning in Hopei and extending to Charhar and other northern provinces.

Gen. Yu, referring to the incident outside his Yamen, revealed that the Japanese soldiers had poked cameras into the faces of the Chinese guards, upon whom they inflicted many indignities. He added, that, in order to prevent a clash, the Chinese authorities were continuing their policy of restraint.

RESHUFFLING OF TIENTSIN ADMINISTRATION ORDERED BY NANKING

A reshuffling of the political and military administrations in Tientsin was ordered by the Executive Yuan at its meeting June 4.

Following the removal of the Hopei Provincial Government from Tientsin to Paoting, the Executive Yuan decided to create Tientsin into a Special Municipality to be placed under the direct jurisdiction of the Yuan and appointed Wang Keh-ming, senior counsellor of the Peiping Political Council, as Mayor of the Municipality. Chang Ting-ao, the incumbent Mayor of Tientsin, was relieved of his duties.

With the transfer of the 51st Army from Tientsin to Paoting, the Executive Yuan appointed General Shang Chen, a former Chairman of the Hopei Provincial Government, now member of the Peiping Branch of the Military Affairs Commission, as Garrison Commander of Tientsin to take charge of the military affairs in the area.

NORTH CHINA LEADERS SUPPORT HOPEI CHAIRMAN

The *Shanghai Mainichi* reported on May 3 that a strong protest had been lodged by the Japanese military authorities in Tientsin with General Yu Hsueh-chung in connection with the assassination of the two Chinese newspaper publishers in the Japanese Concession. The paper further reported that on May 27th Generals Han Fu-chu of Shantung, Shan Chen, Fu Tso-yi of Suiyuan, and Sun Tien-yin of

Shansi, sent a joint telegram to Nanking expressing their support of the position of General Yu Hsueh-chung in this connection. According to the Japanese paper, 15 demands have been put forth by the Japanese military authorities in Tientsin, especially stressing the transfer of the Provincial Headquarters of Kuomintang and a guarantee that similar incidents will not take place in the future.

YOUNG MARSHAL AND T. V. SOONG SAID BACKING GENERAL YU

A *Nihon Dempo* report states that by taking advantage of the serious situation in North China, both T. V. Soong and Chang Hsueh-liang have started their campaign against the regime of Wang Ching-wei and Huang Fu. Some direct attacks are being organized by them against Mr. Wang Ching-wei.

The *Shanghai Mainichi* on June 3 reported that decision has been taken by the Nanking Government to dismiss Gen. Yu Hsueh-chung from his post as Governor of Hopei. The receipt of the news made Gen. Yu indignant, who is prepared to take strong action against the Nanking Government. This caused the Nanking leaders to canal their decision. It is understood that Gen. Yu's strong position is being backed by T. V. Soong and Gen. Chang Hsueh-liang, who are seeking the support from Great Britain.

Gen. Yu Hsueh-chung, is reported by *Reuter* to have tendered resignation of his post but his resignation has been refused by General Ho Ying-chin. Gen. Ho is stated to have told the Hopei Governor that, if he insisted on resigning his post, he could do so when the crisis was over. Gen, Yu, it is understood, has decided to continue with his duties.

Despite two requests from Gen. Ho Yin-ching, Gen. Yu Hsueh-chung has declined to resign his post as Chairman until he receives definite orders to that effect from Gen. Chang Hsueh-liang. Gen. Yu has telegraphed to Gen. Chang, asking for definite instructions. It is believed that the "Young Marshal" will withhold his recision until he meets Gen. Yu in Hankow sometime this week. In his appeal to Gen. Chang for instructions, Gen. Yu has reportedly stressed that neither has he any political ambitions not is he particularly attached to his present post. But he reportedly emphasised that Gen. Chang's last foothold in North China would be lost if and when Gen. Yu relinquishes his position. Decision to ask for Gen. Yu's relinquishment of his post was reached at a meeting of Nanking Government officials, including Wang Ching-wei and Tang Yu-jen, according to *Rengo*.

It is reported by the *Central News*, that Gen. Yu Hsueh-chung will be transferred to a new important post and that the order of transfer will be issued by National Government shortly.

The *Shanghai Mainichi* reported May 31 that fearing that the situation in North China will be aggravated, General Chiang Kai-shek has decided to dismiss both General Yu Hsueh-chung and Chang Ting-ngo, Chairman of Hopei and Mayor of Tientsin respectively and to abolish the headquarters of the Blue Jackets as well as the Institute of Political Science. General Chiang will also instruct the Third Regiment of Peiping Garrison to move southward.

HOPEI GOVERNMENT REMOVED TO POOTUNG

The first special train of 20 cars, assigned for use in connection with the removal of the seat of the Hopei Provincial Government from Tientsin to Paoting, left Tientsin for Paoting June 1. Besides archives, about 160 persons, including officials of various organs and a company of the Guards Battalion attached to the 51st Army, travelled on the train. The second special train left there at midnight. The removal is expected to be completed by the middle of the month.

HOPEI GOVERNMENT TO EXPLAINTS FOREIGN CONSULS ON REMOVAL

The Hopei Provincial Government is understood to have prepared notices in English, French and Japanese to be addressed to the consular representatives of the various countries stationed in Tientsin, announcing and explaining the reasons of the transfer of the Provincial Government from Tientsin to Paoting. It is understood that before his official departure from there to Paoting, General Yu will give a farewell reception to the foreign consuls, which is scheduled to take place on the 15th, after which date, the Provincial Government in its new headquarters at Paoting will formally commence to function.

REMOVAL OF 51ST HEADQUARTERS TO PASTING BEGINS

The transfer of the Headquarters of the 51st Army, of which General Yu Hsueh-chung is Commander, from Tientsin to Paoting in accordance with orders from the National Government, commenced in the morning of June 4, when the first train carrying part of the officers of the Army departed for the new Hopei Capital.

The *Shanghai Nichi Nichi Simbun* on June 3 reported the alleged organizers of the assassination of two Chinese newspaper editors in the Japanese concession, Tientsin, among whom are Tsen Kwan-chin, Director of the Political Training Centers at Peiping, Chiang Kwang-sien, Commander of the Third Regiment of the Peiping Garrison, and his assistant, Tin Chang, have been dismissed by the Chinese authorities.

PARTY ORGANS IN NOTRH FUNCTIONING AS USUAL

Despite all rumours in Peiping, all Party offices in Peiping, Tientsin and other places in North China are functioning as usual. The Hopei Provincial Kuomintang Headquarters, it is understood, has made no preparations for a removal to Paoting.

NEW JAPANESE SCHEMES OF EXHANSION MONGOLIA

The Peiping correspondent of the *North China Daily News* reported on June 2: "Prince Teh Wang, the virtual ruler of Inner Mongolia, has arrived in Peiping, and, when interviewed, he declared that, on May 28, a Japanese aeroplane landed at Panchiang, carrying a representative of the Japanese authorities. This representative informed the Prince that the Japanese wished to build an aerodrome at Panchiang and to establish a branch military organization in the neighbourhood.

"The Japanese programme, the Prince said, also included the construction of wireless stations, and they requested the removal of the headquarters of the Mongolian capital from Pailingmiao to Petsemiao, which place is about 100 miles north of Dolonor. The Prince declared that no reply was given to the Japanese requests."

PRINCE TEH APPEALS FOR SUPPORT TO GOVERNMENT

At a banquet given in his honor by the Peiping Mongolian Residents Association June 3, Prince Teh made a stirring plea to the local Mongolian residents for a wholehearted support to the National Government in Nanking.

"With the object of pulling Mongolia out of the mire of cultural backwardness and economic deficiency, the people of Inner Mongolia have during the past three years been asking for the rights of autonomy.

"And under the guidance of the National Goevrnment, the Mongolian Political Council was last year established, and since then has been working conscientiously for the welfare of the Mongolian people.

"Our prime objective at present is to consolidate the forces of Mongolia and unwaveringly lend our support to the National Government so that our frontier may be strengthened and foreign imperialism be warded off."

Col. Tan Takahashi, assistant Japanese military attache, called at 10 a.m. June 3 on Prince Teh and had about half hour's conversation with him.

The *Shanghai Mainichi* on May 31 that all the Nanking leaders headed by Wang Ching-wei have been thrown into consternation, following the presentation of the Japanese representations to the Chinese Government. A telegram was immediately sent to General Chiang Kai-shek on May 29, asking him for instructions.

GENERAL HUANG FU RESIGNS FROM PEIPING POST

General Huang Fu on May 28 officially sent his resignation to the Nanking Government. This places both Wang Ching-wei and Tang Yu-jen in a most difficult position. The paper reported that General Huang will leave for Szechuan to call on General Chiang Kai-shek and to express his desire to resign from his post as Chairman of the Peiping Political Council. He intends to be General Chiang's personal adviser on questions regarding relations with Japan.

HUANG FU RECOMMENDS MEASURE ON NORTH CHINA READJUSTMENT

According to information from reliable sources, General Huang Fu, Chairman of the Peiping Political Council and concurrently Minister-designate of Interior, has submitted a memorandum to the National Government, recommending concrete measures for the readjustment of the affairs in North China. According to those close to General Huang, he has made no immediate plans to return to the North. The question, they say, will not be decided until after the Hankow conference.

CHINESE LEADERS TO CONFER IN HANKOW ON NORTH-CHINA SITUATION

General Chiang Kai-shek will arrive in Hankow from Chungking on June 10 to preside at a conference of Chinese officials to discuss the North China situation, according to *Rengo* June 1. Summoned to the conference are Wang Ching-wei, Huang Fu, Yin Tung, managing director of the Peiping-Mukden Railway.

General Chang Hsueh-liang left Hankow at 1 p.m. June 3 by airplane for Chengtu to confer with Gen. Chiang Kai-shek. Among the problems which the Young Marshal is to discuss with the Generalissimo is the question of the removal of Gen. Yu Hsueh-chung, chairman of Hopei. Other items slated for discussion are the proposed transfer of units formerly belonging to the Northeastern Army from North China.

YUN TUNG ARRIVES AT SHANGHAI FROM TRIP TO JAPAN

Peace in North China can only be secured by the removal of the hostile feeling now prevailing among both the Japanese and the Chinese, Yin Tung told *Rengo* May 31 at Kobe.

"It seems to me that the Japanese military put too rigid an interpretation on the issues," he continued. "Unpleasant rumors appear to be current among Japanese about Gen. Yu Hsueh-chung, but I believe that those are ascribable to his lack of understanding of the Japanese temperament."

Mr. Ying arrived at Shanghai June 4 from Japan. Following arrival, he proceeded to the residence of General Huang Fu, Chairman of the Peiping Political Council, and reported on his trip to Japan. It is learned that Mr. Ying will accompany General Huang to Szechuan to see General Chiang Kai-shek and submit a similar report to General Chiang.

HYAKUTAKE LEAVES HANKOW FOR CHUNGKING TO SEE GEN. CHIANG

Vice-Admiral Gengo Hyakutake, commander-in-chief of the Third Japanese Squadron, is proceeding to Chungking where he is scheduled to meet Gen. Chiang Kai-shek, *Rengo* reported June 4.

Two Japanese military planes visited Peiping in afternoon of June 3. One flew here from Chengteh, capital of Jehol, about 1 o'clock and landed at the Nanyuan airdrome, where it hopped off at 2 p.m. carrying on board two Japanese army officers to Chengteh. The other plane came from a northwesterly direction and arrived here about 2 p.m. After encircling the city and depositing a parcel at the Japanese Legation here, it flew away to an unknown destination.

The new Japanese barracks under construction at Chang Yuan in Tientsin will be completed in June.

NUMBER OF CHINESE STUDENTS IN JAPAN GROWS

More than 3,000 Chinese students are attending Japanese schools and universities today, showing more than a four-fold increase since the spring of 1932, according to a *Rengo* report June 2.

STUDENTS OF TUNGWEN COLLEGE TOUR CHINA

Students of the graduating class of the Japanese Tungwen College in Shanghai left Shanghai June 3 on their investigation trips to different provinces of China. Except Szechuan, all the other provinces will be visited by these students, according to their plan.

Tadao Matsumoto, the personal emissary of Koki Hirota, Foreign Minister, to China, arrived at Canton June 4 from Nanning, capital of Kwangsi Province, and left for Shanghai from Hongkong the following day. He arrived at Canton from Japan on May 24, on the first leg of an extensive inspection tour of China, and left for Nanning on May 27 by air.

VOLUNTEER ACTIVITIES ON C.E.R. LINE

Dispatches from Harbin report renewed activies of Chinese volunteers along the eastern section of the Chinese Eastern Railway. The volunteers launched a surprise attack on the Japanese community near the Yablonia station on May 25, setting fire to buildings of Japanese residents there. After a stiff battle with Japanese guards, however, the attackers retreated. Five guards were killed and 2 others seriously wounded as result of the encounter.

After the bandits under Sung Yung-chin have been suppressed, members of the Big Sword Society are found to be very active at Tashaiku of Chenghua. The Chinese police have been sent to suppress these irregulars. Another group of bandits under the command of Wang Yen-yu is active at Tachiatichuan, northeast of Chenghua, and two detachments of the Chinese police and 200 local militia have been sent to suppress them.

The Japanese authorities have established two military schools at Chengchiatun and Szepingchien in Manchuria for the training of Mongolian youths, according to a *Central News* message.

Strict measures are being taken by the local authorities and population in Wenchow, southern Chekiang, to continue the anti-Japanese activities in the district, reported the *Shanghai Mainichi* on May 29.

An earnest plea to the leaders of Szechuan unselfishly to work for the common welfare of the people was made by General Chiang Kai-shek at a meeting in Chengtu June 2 attended by prominent provincial officials and others.

The Generalissimo said he had come to Szechuan not only in connection with the suppression of the Reds in the province, but also to urge all party, political and military leaders—(1). to reform their lives; (2). to work for the rehabilitation and prosperity of rural society; and (3) to understand the great doctrine of national salvation and to build up a new State.

In the revolution, said the Generalissimo. Szechuan played a brilliant part. With a population of 70,000,000 and the rich possibilities of the province, they should be able to-day to continue the glorious spirit of the former revolutionists, complete the reconstruction of Szechuan and serve as the foundation of racial recovery.

"To my disappointment," said General Chiang, "Szechuan is a house divided—divided into disorder and confusion. The suffering of the people is unsurpassed. The fault lies with those responsible for party, political and military duties, because in their brains is one world—'selfishness.'

General Chiang said that these persons had three things to their discredit—(1) they know only their own private gain at the expense, sacrifice and benefit of the nation and the people, and they fight only for their own individual power and position; (2) They have formed habits of pride, extravagance and immoral dissipation; (3) To show their cleverness, they become cunning and treacherous and care for their own private benefit at the expense of others.

"For your reform, for your salvation, for your own lives and those of the people and the country, you, the leaders in all walks of life, must set yourselfves as examples to others. Correct all your mistakes by observing the four virtues—eradicate selfishness, abandon treachery and dishonesty, develop honesty and simple-mindedness, and have strict self-control."

The Generalissimo declared that religion and superstition were two different things. Society, he said, should get rid of superstition and opium-smoking, officialdom should get rid of corruption, and the administrative posts.

An appeal for co-operation and assistance in the suppression of the Communist bandits in Szechuan was issued June 2 by General Chiang Kai-shek in a circular message to the gentry and civic leaders of Szechuan. Judging from the movements of the bandits under Mao Tse-tung in southern Szechuan and the westward march of those under Hsu Hsiang-chien in northern Szechuan, the message states, it appears that the bandits are planning to join forces in western Szechuan.

As a matter of fact, however, the outlaws have met with repeated defeats, and their main forces are already broken up. The present is therefore a very good opportunity for the Government forces to advance on the bandits and dispose of them completely.

73-056

Non-Aggression in Far Eastern Diplomacy

BY YEN-YING LU (盧延英)

SINCE the Locarno treaties down to the recent Franco-Soviet pact, non-aggression has been gaining almost universal recognition as one of the principles with which to assure collective security in Europe. Soviet Russia, as the most advanced nation in improving upon this principle, has already concluded a chain of non-aggression pacts with her neighbors. What is more, intermittent news have gone the round of the press that a non-aggression pact is under consideration between Russia and Japan, and that another one has been proposed between China and Russia. Reporters even went the length of conjecturing that Japan would propose such a pact for negotiation with China. Some of these reports, proving nothing more than canards, have been of course denied in official or diplomatic circles as unfounded, idle imaginings. But untruths of this kind nevertheless indicate the drift of one fact, and that is, such initiation of non-aggression and mutual assistance pacts as in vogue now in Europe in order to stabilize peace there will sooner or later affect Far Eastern diplomacy. Now just what is non-aggression and what is the significance of such a pact for the Far East?

"Non-aggression" may well be defined by its positive form—"aggression", which means "a first or unprovoked attack or act of hostility, or encroachment". Etymologically considered, this term seems easy to define. But if we try to apply it to denote certain acts of a State in the family of nations and to embody it within the complicated system of international peace, this is no simple matter.

The term, "aggression" or "aggressor", was not much heard about before the World War. "Offensive" and "defensive" were the standardized words much in use then, especially in the so-called secret treaties. It was not until the nations had gone through the harrowing years of the World War that "aggression" began to be applied to characterize this most selfish and ruthless warfare. Since then it has come into general use to stigmatize, both morally and legally, any war that is the outcome of unscrupulous disregard for international law and treaties.[1] We find, therefore, that this term made its first prominent appearance in the Versailles Treaty. By a summary verdict of the victorious Allies, Germany stood convicted of being an aggressor. So one condition of the treaty required her to pay reparation "for all damage done to the civilian population of the Allies and their property by the aggression of Germany."

Germany the "Aggressor" in the World War

Thus Germany was penalized with the attachment of a stigma for having committed "aggression" and begun the war. The term as applied here for the first time was of course in a vague sense, without any intention of defining it in plain and concise statements. But ever since the formation of the League of Nations in 1919, the need of determining and preventing what constitutes "aggression" has been more and more felt. For fifteen years positive as well as negative approach to the clarification of this problem has been made in connection with the various plans for reenforcing the League Covenant or implementing the system of collective security.

To define "aggression" adequately is in several respects inherently difficult. As past experiences have shown, it seems almost impossible to determine this international crime with such clear-cut and comprehensive definitions as will harmonize all differences of opinion and anticipate all the circumstances. This is why not one of the plans attempted so far for this purpose,—from the League Covenant to the Draft Act of the Security Committee of 1933—could claim to have given the final word or to receive universal approval.

Of all the countries, China has experienced most sharply the necessity of spotting the aggressor in an international conflict. That Japanese military actions in Manchuria since September 18, 1931 were aggression has been recognized beyond a doubt by the public opinion of the world. But if we try to determine how far Japanese hostilities against China flagrantly violated the sanctity of international obligations, it would help us a great deal to have first of all a clear conception as to what acts committed by Japan constituted aggression. For we have seen only too well that some people who are duped by Japanese propaganda have even upheld Japan's high-handed doings on the plea of "self-defence" or "national vital interests." Indeed, for ambitious and unscrupulous countries, these phrases have become euphemistic substitutes for "aggression" to cover up their ulterior motives.[2] The stronger a country is, the more skilful is it to conjure up specious reasons for using them in order to gain sympathy from the neutrals or to escape from unpleasant consequences. So long as people have dust thrown in their eyes through the confounding of "aggression" with "self-defence" in any international conflict, it would be rather difficult for an outsider to decide which of the parties thereto is the aggressor country.

Furthermore, some publicists compare "aggression" with "fraud".[3] The judges generally hesitate to define the latter civil law offence, because the conditions leading up to its commission are so complicated that it is almost impossible to reduce them to general rules. This offence can be best tried from the facts and circumstances of each case, as it arises. So, to formulate beforehand any comprehensive definition of "aggression" will have to allow for a similar drawback. Here the difficulty is even greater, since the conditions and exigencies that urge a State to go to war are nowadays infinitely more baffling and intractable. It would also be best, therefore, to judge this international delinquency as it happens in a particular case, where all the circumstances should be taken into account. Moreover, although there are the courts to judge cases of fraud and enforce their verdicts, there are in the international polity no organs that can claim absolute authority to adjudicate disputes of aggression. World opinion is still divided as to whether the League Council or the World Court should be the suitable and efficacious organ for the exercise of this jurisdiction. So long as there is no super-state in the family of nations, there could be established no sovereign body whose judgement on cases of aggression might be taken as universally binding.

The League Covenant provides in a vague and general way for the determination of aggression. Article 10 requires that "the Members of the League undertake to respect and preserve as against external aggression the territorial integrity and existing political independence of all Members of the League." Again, Article 16 stipulates, "should any Member of the League resort to war in disregard of its Covenants under Articles 12, 13, and 15, it shall ipso facto be deemed to have committed an act of war against all other Members of the League." Thus the Covenant regards as aggression any attack by one State which reduces another's territory or independence, or the resort to war instead of the acceptance of peaceful settlement.[4] As the Covenant imposes upon it the obligation to seek the settlement of disputes through arbitration or submission to the Council's enquiry and recommendation, a member State is presumably prevented from making up pretext of self-defence without risking all the consequences under Articles 10, 15 and 16.[5] Neither shall it judge for itself whether it is guilty of aggression. It falls to the Council in the last resort to decide that question. As provided in Article 10, "in case of any such aggression, or in case of any threat or danger of such aggression, the Council shall advise upon the means by which this obligation shall be fulfilled."

Each State Supplies Its Own Definition

But, as shown by Japan in Manchuria, all these provisions may be evaded with impunity even by a member State. Even if the Council reaches a unanimous report, though the contrary is quite possible, one of the parties to the dispute may ignore its recommendations. Strictly speaking, since the Covenant provides in explicit terms neither definitions of aggression nor methods for determining it, so whether a case of aggression has taken place is a question still left for each of the member States to decide for itself. For this reason a member State may quite possibly differ with the Council in judging one party to the dispute guilty of aggression.[6] A loophole of this sort really puts the sanctions out of the scope of practical utility. For no third party can be in a position to launch the sanctional forces without being first assured which of the parties to a dispute has fallen foul of the other with aggressive attacks. It is reasonable to say that the application of the positive measures of the League sanctions depends upon the problem of determining aggression[7]." Finally, what the Council can do in a case of agression is just to "advise upon" or "recommend" the means to cope with it. But these functions are still a far cry to their immediate enforcement. Thus the lack of automatic and outright direction of the sanctions encourages or causes inaction and disunity on the part of the member States in spotting and checking an aggressor nation.

Before the initiation of the Locarno Treaties, two notable attempts had been made to determine what constitute aggression. With a view to strengthening the League Covenant, the Treaty of Mutual Assistance of 1923 pledged its signatories to abandon aggressive war and to have recourse to pacific means through the League procedure for the settlement of disputes. The Council was given the power to decide which party to a conflict was the aggressor through certain practical tests for determining its aggressive actions; for example, fixing a neutral zone, or an armistice, or invitation to an arbitration.[8] A further endeavor with the same object in view marked the Geneva Protocol of 1924. Making the obligation to resort to arbitration compulsory and absolute, it required each signatory to renounce war against every other in favor of some procedure of pacific settlement, and the arbitral award on the dispute should be binding. The Council was given the authority to judge which party was guilty of aggression, certain presumptions more or less in the same nature as the above-mentioned tests being established as the basis upon which facts of aggression were ascertained[9]. In

1 "Aggression, International." Encyclopedia of Social Sciences. Vol. I.

2 & 3 "Aggression, International." Encyclopedia of Social Sciences. Vol. I.

4 "What is Aggression?" Headway. April, 1935.

5 "What Follows the Pact of Paris?" International Conciliation. January, 1932.

6 Mower, E.C. International Government. Chapter on Disarmament.

7 "What Follows the Pact of Paris?" International Conciliation. January, 1932.

8 Survey of Foreign Affairs, 1924, pp. 16-36.

9 Mower, E.C., International Government. Chapter on Disarmament.

a word, it was intended to identify this international crime on the basis of refusal of arbitration.[10] But both the two instruments failed to receive unanimous endorsement. The Powers like Great Britain discountenanced the idea of "compulsory arbitration" as "preserving peace by organizing war", in which her naval commitments would have been extended too far. As the United States was not a League member, the possibility of a conflict with that country was something she would not like to risk. It was also considered objectionable to give such a political body as the Council the authority to judge on cases of aggression.[11]

The coming of the Kellogg Pact (1928) seems to have marked the beginning of the end of aggressive war; but in reality such was not the case. It is true that with the illegalizing of war any State going to war against another renders its action prima facie illicit. Every presumption will be raised against it as the violator of the sanctity of the pact.[12] But what if a nation will take forcible measures against another and justify it either as an exercise of her right of self-preservation or as the fulfilment of her duties under the League Covenant?[13] Such an eventuality would fall out of the purview of the pact. Some authorities, therefore, hold that its outlawry of war in fact does not forbid all wars. It fails to take into consideration the so-called war of self-defence which its signatories may still claim the right to resort to. Besides, as a sweeping statemen of policy, the pact does not provide in precise language any scheme for the pacific settlement of disputes or any definition of aggression. Thus it even "failed to confine the outlawry of war to aggressive wars." If the problem of security is largely the prevention of aggression, one can easily see that the pact offers little or no guaranty of security.[14]

For these reasons, proposals have been made in order to "link the Kellogg Pact with the League Covenant"by rendering the League sanctions applicable to violations of the pact. Such an arrangement, as far as it goes, might help to ensure the efficacy of both the two instruments. At any rate, what is more to the point for the solution of the aggression problem would be to make the application of the sanctions against this crime automatic and really effective. Hence the fast development of the net-work of the regional pacts for mutual assistance since the Locarno Treaties in 1925. Though in a limited area, "Great Britain accepted at Locarno a far stricter definition of aggression than that of the Covenant." She was bound to give assistance at once if in her own judgement flagrant aggression took place between Germany, France or Belgium, as stipulated in detail in the treaties; for example, crossing each other's frontiers, or assembling armed forces in the demilitarized Rhine zone.[15]

To Soviet Russia was due the credit of having proposed the most "politician-and-lawyer-proof" definition of aggression. On Februay 6, 1933, at the Disarmament Conference, the Soviet delegate made several proposals for the determination of aggression, and on May 25 they were adopted with some modifications by the Security Committee and incorporated into its Draft Act. This Act defines aggression as one of the following actions:—

Article I.

(1) Declaration of war on another State;

(2) Invasion by armed forces of the territory of another State, even without declaration of war;

(3) An attack by its land, sea, or air forces, even without declaration of war, upon the territory, vessels or flying machines of another State;

(4) A naval blockade of the coasts or ports of another State;

(5) Support accorded to armed bands, which, organized on its territory, shall have invaded the territory of another State; or refusal in spite of the demand of the invaded State to take in its own territory all the steps in its power to deprive the bandits aforesaid of all aid or protection.

Article II further provides that "no consideration of a political, military, economic or any other character shall serve as an excuse or a justification of aggression as defined in Article I." There is also an annex, which stipulates that "the High Contracting Parties desired to furnish indications for the determination of the aggressor, and hold that no act of aggression in the sense of Article II could be justified by any of the following circumstances:—

"A—The internal situation of a State—e.g., its political structure, economic or social, the alleged defects of its administration, disturbances arising out of strikes, revolutions, counter-revolutions, or civil war.

"B—The international conduct of a State—e.g., the violation or the danger of violation of the moral or material rights or interests of a foreign State or its nationals; the rupture of diplomatic or economic, financial or other engagements towards foreign countries; frontier incidents which do not come under the head of cases of aggression indicated in Article I."

Compared with the previous schemes to define aggression, this Draft Act shows many points of improvement, which space does not permit us to discuss in detail, except mentioning one of its special merits. "The Committee certainly had the Japanese methods in Manchuria in their minds when they drafted Article I, paragraph 5. But the whole thing is based upon the various devices used by Covenant-breakers since 1919."[16]

Strangely enough, the Act could not secure unanimous endorsement. Some of the Great Powers on the Committee, such as Great Britain, Italy and Germany, showed disapproval of a precise and rigid definition of aggression. They preferred more elastic ways to allow international authorities to take all the circumstances into account.

At any rate, as one of the negative attempts to "spot the aggressor", the Act marks one further step toward the solution of the problem. What especially concerns us here is to notice the different attitudes taken by the two most important nations in Asia toward the Act. When the Soviet proposals were put forward at the session of the Committee, they were received by the Chinese delegates with favorable comments. As Dr. Wellington Koo suggested, though it would not be very helpful to determine adequately and with absolute certainty what acts constitute aggression because designing nations are ever apt to manage and time their actions with such craft as will enable them to elude any tests fixed beforehand, yet, he conceded, "it is better to have imperfect rules than to have none." But the reaction shown by Japan was different. As reported by *Rengo* on June 4, 1933, the Japanese Government had decided to oppose in toto the first chapter of the MacDonald Disarmament Plan on account of its incorportaion of the projected definition of an "aggressor". Its disapproval of the plan was based on the ground of "deciding by majority vote at a meeting of third countries the matter whether or not a country is guilty of the act of invasion, especially when that country is situated in the Far East, where conditions entirely different from Europe obtain." When Japan made known these views, she had obviously become suspicious about the possible bearing of the Draft Act upon her doings in Manchuria. It is therefore reasonable to say that she cannot subscribe with a good grace to a plan that may help to restrain her wilful actions in what she regards as her sphere of dominance.

Theoretically speaking, there is no reason why a non-aggression pact, after its try-out in Europe, cannot be profitably applied to the countries on the Pacific seaboard. If its principles can be brought into play to better their diplomatic relations, it may go far to ensure collective security in the Far East. But in view of the realities of the Far Eastern situation, there are many political as well as technical difficulties in the way of bringing the mutual assistance idea within the scope of practical diplomacy. It is probable that a pact of this sort, if ever proposed, would take a lot of compromise and logrolling, before it could be worked into an agreement.

First of all, the adoption by all the Powers of the Draft Act is still at best an uncertainty, which may well revive contentions very hard to harmonize. We wonder politically how the Powers having interests at stake in the Pacific could agreeably come to a line-up for purposes of such a pact, seeing that they each has its own axe to grind. Whether the pact should be bilateral or multilateral is another question that can be best answered only with a view to the expediency and interests whichever may serve for each of the parties concerned. It is also very problematical whether China and Japan, or Russia and Japan could associate together in a scheme of mutual assistance. Besides, should any two countries hitch up in such a pact, it would at once stir up the suspicion and hatred of outsiders as being something like an entente or alliance of the pre-War days with some third country as its target.

A last but none the less difficult problem to consider is whether the obligations of the parties under the pact be made absolute and automatic or they be brought within the structure of the League of Nations. In the former case, it would be quite possible for the European countries having interests in the Pacific to find their commitments under the pact hindering or at loggerheads with their obligations under the League Covenant or their respective regional undertakings in Europe. As shown by the negotiation of the Franco-Soviet Pact, differences of opinion on sundry problems of this kind are bound to take a great deal of diplomacy to straighten out.

Nanking, May 29, 1935.

10 "Aggression, International," Encyclopedia of Social Sciences. Vol. I.

11 Mower, E.C., International Government. Chapter on Disarmament.

12 "What Follows the Pact of Paris?" International Conciliation. January, 1932.

13 Mower, E.C., International Government. Chapter on Disarmament.

14 "What Follows the Pact of Paris?" International Conciliation. January, 1932.

15 "What is Aggression?" Headway, April, 1935.

16 "Aggression." The Contemporary Review, Vol. 832, April 1935, P. 443.

Wang Ching-wei Entertains Admiral Upham

President Wang Ching-wei, concurrently Minister of Foreign Affairs, gave a dinner in honor of Admiral F. H. Upham, Commander-in-Chief of the U. S. Asiatic Fleet, at Nanking June 4. Among the guests were Nelson T. Johnson, American Minister, and Admiral Chen Shao-kuan, Naval Minister, Messrs. Hsu Mo and Tang Yu-jen, respectively Political and Administrative Vice-Ministers of Foreign Affairs, and Tseng Chung-ming, Political Vice-Minister of Railways.

73-058

Frank L. Hough Appointed Liquidator of the American Oriental Bank

THE long-awaited announcement of the appointment of a liquidator for the defunct American Oriental Banking Corporation, the Oriental Finance Corporation, and the Raven Trust Company was made late in the afternoon of June 3, when Milton J. Helmick, after a consultation with Consul General Cunningham and District Attorney Faupel, entrusted the liquidation of these three concerns to Frank L. Hough, managing director of the R. C. A. Victor Company of China. Judge Helmick had arrived the day before from Peiping, where he had adjourned sittings of the Court for the purpose of coming to Shanghai to personally investigate the bank situation.

Judge Helmick's orders of appointment of Mr. Hough, asid[e] for bonds required by the liquidator, read the same for all three companies and stipulated that the liquidator is ". . to take over the assets and business" of the three companies.

"And in furtherance of such purpose," Judge Helmick's orders read, "the liquidator may employ counsel and auditors, discharge present employees, take such action as may be necessary to collect the assets of the company and reduce such assets to cash, give receipts, grant acquittances, effect compromises, institute and defend legal proceedings, and exercise the authority usually granted to liquidators. The liquidator is hereby ordered to file a report on the financial position of the said company withing 60 days from the date hereof and thereafter make such reports as may be ordered by the court."

Mr. Hough has furnished a bond of U.S.$25,000 in the case of the American-Oriental Banking Corporation, U.S.$15,000 in the case of the American Oriental Finance Corporation, and U.S. $15,000 in the case of the Raven Trust Company. He appointed Dr. George Sellet as his legal adviser and instructed Henry S. DeVault to make an independent audit of the books of the three companies.

Mr. Hough in an interview said that he was entirely in accord with Judge Helmick's views and he was determined to carry out what the judge has in mind. "With Judge Helmick," said Mr. Hough, "I agree that the interests of the depositors of the bank came before any other consideration. It will be a hardboiled job and I will make every effort to do my best."

Both F. J. Raven and J. Kleffel, officers in the defunct institutions, when asked to give their opinion on the appointment of Mr. Hough," stated that they did know the liquidator.

Liquidation Not a Ministry of Finance Matter

Dr. H. H. Kung, Minister of Finance, in an interview in Nanking May 30 said that the liquidation of the American-Oriental Banking Corporation does not come within the scope of the Ministry of Finance as it is a foreign bank, sheltering under extraterritorial jurisdiction. Minister Kung recalled that no less than six or seven foreign banks, established in China, have gone into liquidation at various times in the past. While some of them failed to meet their obligations towards their depositors, the others have maintained their credit to the last. In the interest of American trade prestige in China, Dr. Kung expressed confidence that the liquidation of the American-Oriental Banking Corporation would be strictly carried out in accordance with American law.

LETTERS TO THE PRESS

The principal manifestations during the week, outside of the appointment of the liquidator, were the many letters written to the Shanghai daily newspapers concerning the bank and the statements of its officers. Probably the most sarcastic was that from "The Fly," who wrote to the *Shanghai Times*, May 31, among other things, as follows: "We have all, from time to time, been recipients of beautifully worded letters from this concern all printed on fine quality paper; charmingly, almost lovingly worded; the signer has done everything but add love and kisses. Further, we were only a few months ago, presented with the prettiest little balance sheet that ever you did spy, and where has it all led? Anyway, here is one soul who is not going to join the chorus of adulation and in the meantime I often wonder what the gentleman is now doing who used to devote his time to composing the literature previously referred to. They can say what they like about the silver situation and other causes, but the real reason is just plain bad banking, and I for one feel something like poor Mrs. Ramsbottom and have a hazy feeling that 'somebody ought to be summoned.' "

W. R. B. Palmer wrote to the *North China Daily News* May 31 explaining that he was once in the employ of the American Oriental Finance Corporation and recalled that the salesmen were authorized to promise purchasers of B common shares that the Bank was always ready to repurchase them at a loss of only two dollars. He also relates that salesmen in the A. O. F. C. received a commission of a dollar a share, and comments:—"When one considers that the usual local brokerage is ½ per cent and the we were being offered almost 5 per cent, viz. $1. on $22—it can be seen how eager the people in authority in the Bank must have been to get rid of them."

"Wyess" wrote:—"A hazy statement (by Mr. Raven) putting the blame on the American Silver Policy is all very well for the man in the street and the totally ignorant, but when over eight millions of depositors' hard-earned dollars have been transmuted into something less desirable and valuable, vague generalities will not suffice. Believe it or not, unless some reasonable explanation is forthcoming as to the whys and wherefores of the bank's closing, some of these bankers might find themselves in a position of difficulty and little dignity." "Wyess," referring to the statement attributed to Mr. Raven, that "much of the bank's apparent weakness was due to the huge silver purchases by the American Government under the Silver Purchase Act, that Depositors' money had been invested in first-class securities and at the moment there was no market for them," referred to the statement of the bank as of December 31, 1934, in which the only item filling the above description accounted for $37,767.09 of the bank's assets —approximately about one-fourth of one per cent of the total resources. Mr. Raven was asked to elucidate just how the freezing of less than one per cent of the bank's resources contributed to the present calamity?

"Disinterested" wrote that if, as stated, the Underwriters' Savings Bank has in its vaults dollar for dollar as against the depositors, how could the bank earn interest? The editor of the *N. C. D. News* noted that what Mr. Starr stated in his interview was that the Underwriters Savings Bank had recently carried cash reserves to cover *demand* deposits dollar for dollar; time deposits are invested in loans to mature by or before due date.

C. J. R., discussing the plight of the thousands of Russian depositors in the closed A. O. B. C. said: "It is very pathetic to see these people going through this terrible experience of losing their last money which they have saved by the sweat of their brows and in a long and tedious way. The Russian Industrial and Commerical Society is to be commended for taking the action to claim a seat on the Liquidation Committee.

A group of Russians wrote a letter praising the Thriftcor Bank (an institution conducted mainly by Russians but incorporated under American law) for granting facilities to the depositors in the defunct bank.

TOKYO WATCHES CHINESE FINANCIAL CRISIS

Dispatches from Shanghai to the newspapers in Japan have paid great attention to the financial crisis in China. A telegram to the Tokyo *Nichi Nichi* May 21 reported a slow but steady run on the National Industrial Bank of China (note issue 33,600,000 yuan), the Szuming Commercial and Savings Bank (note issue 18,800,000 yuan) and the Salt Industry Bank (note issue 7,090,000 yuan).

Two Foreign-Style Chinese Banks Close in Shanghai

Two Chinese banks, the Bank of Kiangnan at 521 Honan Road and the Ningpo Industrial Bank, Ltd., at the corner of Nanking and Shanse Roads, Shanghai closed their doors June 4.

Simultaneously with the closure of these two comparatively small foreign-style banks, the Shanghai Native Products Company, a department store at 393.5 Ningpo Road, and a number of ready-made clothing shops and a silk store on Fukien Road, members of a group headed by Ou Chi-hou, prominent merchant from Fenghua, who is chairman of Board of Directors of the Ningpo Industrial Bank, also closed their doors for liquidation. The Ningpo Industrial Bank claims to have a capital of $5,000,000. It operated a savings and commercial department with deposits amounting to $680,000, it is said. Most of the depositors are natives of Ningpo, many of them hawkers.

Two Native Banks Close in Chuanchow

Two native banks at Chuanchow, Fukien province, closed their doors May 30 when they failed to meet a run which was started several days previously.

Admiral Shen Hung-lieh, Mayor of Tsingtao, is co-operating with the Ministry of Finance in the closest terms to see to it that the depositors of the liquidated Ming Hua Commercial and Savings Bank get their deposits back in full. The *Central News Agency* states that the Ministry of Finance has ordered the Liquidation Committee of the bank to repay its depositors all their deposits within one month.

The difficulties of the Chinese financial and commercial insitutions at this time were increased through the incidence of the Dragon Boat Festival (June 5) which from time immemorial has been a Chinese settlement day, only second in importance to that of New Year.

American Minister Visits Shanghai on A.O.B.C. Matter

Nelson T. Johnson, American Minister, came down to Shanghai from Nanking June 5-6, and consulted with the Judge Hel-

mick and Consul General Cunningham. The *Central News* states that Minister Johnson's visit was in connection with the liquidation of the American Oriental BInk.

Allegedly Transferred Cash When They Knew Bankruptcy was Imminent

A *Rengo* message to the *Japan Chronicle* from Ottawa dated May 14 in mentioning that Martin Insull, brother of Samuel Insull, had surrendered in that city to a warrant for his arrest stated that Mr. Insull was wanted in Chicago to stand trial, with his brother Samuel, on a charge of transfering stocks and cash from the Corporation Securities Company when they knew that the concern's bankruptcy was imminent. In doing so, they are alleged to have caused investors a loss of $200,000.

Ministry of Finance Helps Native Banks with $25,000,000

The increasing world-wide economic depression is week by week making itself more distinctly felt in Shanghai, with an inevitable repercussion on the banks, particularly the large number of Chinese "native" banks. The situation in Shanghai's native bank district in Peking, Ningpo and Tientsin Roads became so tense June 2 that the Native Banking Association decided to put a ban against withdrawals by depositors of sums more than $500 and also made a rule that native bank orders should only be negotiable among the member banks. The situation eased, however, the following morning when, following an investigation by Dr. H. H. Kung, who cut short a week-end holiday at Hangchow, the Ministry of Finance placed at the disposal of the N. B. A. $25,000,000 worth of 24th Year Currency bonds. The banks thereupon withdrew their restrictions on withdrawals. Mayor Wu Te-chen and Yu Tso-ding, chairman of the Chinese Chamber of Commerce and himself an influential native bank executive, conferred with Dr. Kung in connection with the Ministry's decision to assist the banks at the latters, residence.

The following Native Banks' Supervisory Committee, to handle the $25 million loan, was formally inaugurated June 3:—Hsu Kan, Vice-Minister of Finance; Tu Yueh-sheng, President of the Chung Wai Bank; Wang Hsiao-lai, Chairman of the Greater Shanghai Provisional Municipal Council; Ku I-ko, formerly General Manager of the Banking Department of the China; and Chin Jung-ching, Chairman of the Shanghai Native Bankers' Guild.

It was decided that the securities to be offered by the Native Bankers' Guild for the loan should consist of title deeds, Government bonds, and commodities. The bonds will be deposited by the Committee with the Central Bank of China. After the securities are handed over to the Committee, the native banks will be given loan certificates, which will be convertible into cash at the Central Bank of China, the Bank of China, or the Bank of Communications.

The Ministry s order, among othings, said: "After receiving this assistance from the Ministry, the vatious member-banks of the Guild must hereafter exercise extreme care in conducting their business and maintaining their credit. Their assets and liabilities should be reported to the committee every week for examination. Representatives should also be despatched to the various local banks to inspect their actual business conditions. In case any bank is found guilty of secretly engaging in illegitimate business in disregard of its credit, the Ministry will deal with it strictly in accordance with law, in order to weed out the unscrupulous and save the credit of nattve banking."

Bankers' Association Organized at Changsha

A Bankers' Association was organized in Changsha, June 4 by the eleven leading banks. A total of 15 bankers was elected to serve on the Executive Committee of the Associatian.

Chia Cheng-to has been appointed resident superintendent at the new Farmers' Bank of China (the former Four-Province Farmers' Bank for Honan, Hupeh, Anhwei, and Kiangsi.)

Run on the International Savings Society

The International Savings Society, which operates an insitution in which the drawing of lots is a prominent feature, and against which the Chinese authorities have in recent months made various complaints, was subjected to a run for several days this week. There was a steady stream of bondholders calling at the Shanghai offices to withdraw their investments. The I.S.S. so for has met all demands.

British Court Refuses to Extradite Chinese Postal Bank Official

The British Court at Hongkong June 1 formally discharged Yeung Kin-ping, former Director-General of the Chinese Postal Remittance and Savings Bank, whose extradition to Shanghai was sought on a charge of having embezzled $34,000 from the bank in connection with the purchase of certain property in the French Concession. The British magistrate held that the evidence against Yueng was not sufficient to justify his extradition.

Huge Revenue Loss from Interport Duty Abolition

Messages from Nanking point out that a loss of about $18 millions annually in the Customs revenue will be caused by the abolition of the interport duty and the proposed exemptions and reductions of the export duty—the date for which has been postponed from June 1 to July 1. The total revenue derived from the Export Duty is estimated at about $24 millions annually, of which about $3 millions will be lost after enforcement of the proposed exemptions and reductions. The total loss of revenue from abolition of the interport duty will be about $15 millions. About $3 millions, representing the expenses for collection of the Interport Duty, will however be saved, leaving the net loss from the two sources at about $15 millions annually. *Kuo Min* understands that definite measures to make up this loss have been formulated by the Ministry of Finance and will be put into effect simultaneously with the abolition of the interport duty and the changes in the export tariff.

Retrenchment Program Calls for Closing of Sixteen Government Organs

The National Government, in the course of its retrenchment program, has decided to abolish the following 16 organs July 1: Commission for the Direction of Administrative Affairs under the Executive Yuan; Administrators' Training Institute and Rural Workers Training School under the Peiping Political Readjustment Council; Commission for the Examination of Land and Sea Maps; Central Reclamation Commission; Music Books Examination Committee; National Opium Suppression Commission; Peiping Office of the Ministry of Foreign Affairs; Tariff Readjustment Research Commission of the Ministry of Finance; The Finance Ministry's Advisors' Office; The Office of the Finance Commissioner of Shensi; The Tobacco and Special Tax Administration at Kiukiang, Committee for the Custody of the Sinking Fund of the Chekiang Industrial Bonds; Peiping Office of the Ministry of Communications; the Preparatory Committee for the Construction of the Eastern and Northern Great Harbors; and the Preparatory Committee for the Unification of Dialects under the Ministry of Education.

New Director Appointed for Ningpo Commercial Bank

The Ministry of Finance last week approved the recommendation of the board of directors of the Ningpo Commercial Bank, Ltd., for the appointment of Yih Chur-tong, who is on the board of directors of both the Central Bank of China and the Bank of China, as general manager. The former general manager, Sung Heng-fu, had resigned on account of ill health and certain personal reasons.

Central Bank of China Opens Trust Department

The Central Bank of China is opening a new department to be known as the Central Trust Department, in addition to its banking, issue, treasury, secretariat, auditing and economic research departments.

The Changsha branch of the Central Bank of China was formally opened June 1.

Gen. Chiang Kai-shek has telegraphed to Dr. H. H. Kung requesting that two branches of the Central Bank of China be established at Chengtu and Wanhsien respectively before the end of this month.

Kwangtung to Issue $15,000,000 Bonds

The Kwangtung Provincial Government has submitted a petition to the Executive Yuan, requesting permission to issue bonds amounting to $15,000,000 for purposes of provincial reconstruction.

One Governor General and Two Ex-Governors of Philippines in Shanghai

Frances Burton Harrison and Cameron Forbes, both former governors general of the Philippine Islands, and Frank Murphy, present governor general of the Islands, were all in Shanghai at the same time Sunday, June 2. Mr. Harrison was here on a pleasure trip with his wife, *enroute* to Manila to attend the inauguration of the New Commonwealth. Mr. Forbes was here as a member of the American Economic Commission. Mr. Murphy stopped off in Shanghai on his way back to Manila from the United States and will probably be the first American High Commissioner of the New Commonwealth. Manuel Quezon, the proposed first President of the New Commonwealth, was also in Shanghai at the same time, on his way back to the Philippines from the United States. A large group of Filipino politicians and business men came up from Manila and met the aforementioned notables here. Included in the visiting group were: Felipe Buencamino, Jr., prominent political leader; and Tomas Optus and Jose Angara, the two last mentioned being members of the Filipino legislature.

Smuggled Silver Piles Up at Tokyo Railway Station

The *Japan Advertiser* May 24 stated that shipments of silver bullion, chiefly from Korea, are proving a source of apprehension to the staff at Tokyo Station. The recent increase in the price of silver has caused more of it to be shipped to Tokyo, the amount of bullion in the station sometimes reaching as much as Yen 1,000,000. This silver is mostly smuggled out of China via Korea, the eventual market being London. Silver coins and bullion exported from Japan during April to the London market totaled Yen 13,200,000. Exports for the first four months of the year reached Yen 26,483,000 in contrast to Yen 1,665,000 for the same period of 1934. The Japanese Government is not taking any action in the matter, treating this silver as a "commodity."

The Ministry of Railways has received a promise from the Peiping-Liaoning Railway Administration to make special efforts to cooperate with the Chinese Customs authorities in the suppression of silver smuggling.

Moscow *Izvestia*, discussing the U. S. silver policy May 28, stated that the United States is preparing a powerful weapon with which to fight Great Britain, hoping to force Great Britain to conclude a currency agreement that will be profitable for the United States.

Japan Regards It Inadvisable to Extend Loans to China on Silver Outflow Issue

The Tokyo *Jiji* May 29 reported that the Japanese Foreign Office had consulted noted scholars and businessmen in Japan regarding steps Japan might possibly take toward China's appeal to Japan to help her in her present predicament caused by the abundant outflow of silver from China. As a result of the exchange of views between the Foreign Office officials of the Investigation Board headed by Chief Kurihara, and Japanese bankers and professors the following conclusion was unanimously reached:—"Although Japan may extend goodwill assistance to China for her self recovery with a view to restoration of sound currency, it will not be a wise step for Japan to let China tide over the emergency with extension of a loan. The credit arrangement which China is now desiring will be effective if a considerable amount is offered. But under the present circumstances when the outflow of silver is being influenced by America's silver policy, this credit arrangement is premature and impossble of adoption."

Recent messages from Japan also stated that in view of the failure of China's efforts to check the outflow of silver by securing foreign loans, Japanese currency experts are giving continued moral support to the Nanking authorities in their silver policy. Referring to the proposed reform of the Chinese currency, these experts gave the opinion that Japan should not spare efforts to giving all assistance to China, in view of the inseparable connections of that step with the silver problem and of the exisiting mutual relations of Japonese, Chinese and Manchu currencies.

Silver Smugglers to Be Severely Punished

Among the measures formulated by the Ministry of Finance for the suppression of the smuggling of silver are that infractions shall be dealt with as offenses endangering the State according to the Criminal Code and that smugglers shall be severely punished and fined.

Victor Hoo Appeals for Geneva Support in Opium Suppression Campaign

An appeal to foreign governments to support the Chinese Government's efforts to combat the drug traffic in China by preventing foreign concessions from being used as centers of illicit traffic, was made in Geneva June 1 by Dr. Victor Hoo, Chinese Minister to Switzerland, at a meeting held by the Advisory Opium Commission. Dr. Hoo stated that 263 traffickers in drugs had been summarily executed in China last year and over 100,000 opium smokers discharged from hospitals as cured. He added, however, that the number of drug addicts still ran into millions. Members of the Commission expressed approval of the Chinese Government's efforts to eradicate the opium evil, but were reluctant to endorse the proposals of the Chinese authorities to execute all uncured addicts after 1937.

The Chinese delegate at Geneva stated that narcotic drugs were being freely sold in the Japanese Concession in Tientsin and submitted a list of shops that carry on such illegal business. He expressed the hope that the Japanese authorities would check the activities of the traffickers.

Confiscated Opium Burned at Chungking

Under the personal supervision of Colonel Fan Chung-shih, Commissioner of Public Safety for Chungking, a large quantity of opium and opium-smoking paraphernalia was burned at the Public Recreation Ground in said city May 31.

Dr. J. Heng Liu Reports Progress in Anti-Opium Campaign

Dr. J. Heng Liu, chairman of the National Opium Suppression Commission, delivered an address at Nanking, June 3, when the sixth annual gathering was held commemorating the opium-burning 96 years ago in Canton by Viceroy Lin Tse Hsu, which date was proclaimed the National Anti-opium Day in 1929. Dr. Liu explained how China had entered into a new epoch of opium suppression. During the past year, Generalissimo Chiang Kai-shek has taken into his hands the work of opium suppression and has enforced effectively a new set of regulations which give new hopes of complete eradication. In the provinces of Honan, Hupeh, Anhwei, Hunan, Kiangsi, Kiangsu, Chekiang and Fukien, poppy cultivation has been completely suppressed. A recent survey in these provinces has shown that even in the most remote and unapproachable areas cultivation of poppies was not found. The provinces of Shensi and Kansu have resorted to annual reductoin of cultivation and have achieved good results. In the provinces of Szechuan, Yunnan and Kweichow and the northern provinces of Ninghsia and Suiyuan, which have hitherto depended upon the income from poppy cultivation as their principal revenue, definite steps have been taken in programs of gradual annual reduction of cultivation. In connection with the other phases of suppression, like transportation, selling and smoking of opium, the Government is bringing everything under its complete control. Consequently, illicit trafficking has greatly reduced. At the same time, hospitals for the treatment of addicts have been established in all parts of the country and have numbered up to date over six hundred, not counting the ones which are being established. Much more aggressive steps have been taken in the suppression of narcotics. In a year's time, 260 offenders of the Regulations governing the drastic prohibition of high-powered narcotic drugs, promulgated in May 1934, have been executed. Dr. Liu cited various developments clearly indicating that work in opium suppression in China is rapidly advancing, and these, he said, showed that total eradication of the evil will be achieved before long.

General Chiang Kai-shek Appointed Inspector-General of Opium Suppression

As a part of the retrenchment program of the government for the balancing of the national budget for the next fiscal year, the National Opium Suppression Commission is to be abolished by the end of June. A new department, however, is to be established shortly under the auspices of the National Health Administration to take charge of matters relating to the problem of opium suppression. The new organ will be known as the Inspectorate-General of Opium Suppression with General Chiang Kai-shek, President of the Military Affairs Commission, concurrently acting as the Inspector-General.

The newly-established Inspectorate-General of Opium-Suppression, to be headed by General Chiang Kai-shek, will be located in the Wu-Han area.

Six Members of American Economic Mission Visit Hangchow

Six members of the American Economic Mission—W. Cameron Forbes, Charles J. Carroll, John B. Chevalier, Prof. C. F. Remer, Leighton W. Rogers, and G. Ellsworth Huggins—spent several days at Hangchow this week. They were accompanied by Mrs. John S. Campbell, Julean Arnold, U. S. commercial attache and Mrs. Arnold, W. H. Plant, Dr. and Mrs. Francis K. Pan, Mr. and Mrs. Z. L. Chang, Mr. and Mrs. T. F. Miao, T. H. Tong, C. N. Huang, Chien Chien, and Theodore J. Greenslade. Mayor Chou in entertaining the visitors at dinner said that silk and tea are the staple products of Chekiang. He expressed the hope that the Mission would recommend them for the consumption of the American public. L. W. Rogers, replying on behalf of the Mission, said that the Mission would gladly make the recommendation to their own countrymen. In order to balance the trade between the two countries, he added, China should also purchase more American goods.

Several members of the mission have in the meantime returned to the United States, others have gone on to Europe, a few remain in Shanghai, while another group is now in Manila. The party in Manila will sail on June 10 and will arrive here on June 14. They will join members already here in a series of important conferences at which reports will be made up and the achievements of the mission formulated.

Canton Backs Up Overseas Chinese in Siam

Advices from Canton state that public organizations there are rallying to the support of overseas Chinese in Siam by urging the Central Government to adopt retaliatory measures against the ill-treatment of Chinese residents by the Siamese government. The General Chamber of Commerce of Canton has issued a circular petition to the National Government in Nanking, urging the enforcement of a boycott against Siamese rice in case diplomatic measures fail to induce the Siamese government to change its anti-Chinese policy.

73-061

SIXTH HUPEH PROVINCIAL ATHLETIC MEET IS HELD AT WUCHANG

The sixth Athletic Meet of Hupeh province was held at the Wuchang Stadium May 24 to May 28. More than 300 boy and girl athletes, chosen from students and citizens, qualified to compete in the Olympic. Gen. Chang Chun, chairman of Hupeh, delivered the inauguration address and one of the speakers was Marshal Chang Hsueh-liang. The track and field sports for men included 100 meter dash, 200-meter dash, 400-meter race, 800-meter race, 1,500-meter race, 10,000-meter race, 110-meter hurdles race, 400-meter hurdles race, 400-meter relay race, 1600-meter relay race, high jump, long jump, pole vault, 3-step long jump, shot put (16lb), javelin throw, disc throw and a marathon (the latter won by Hankow.)

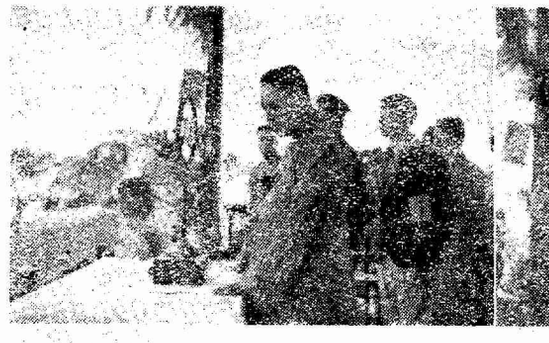
The girls' track and field events included :—50 meter race, 100 meter race, 200 meter race, 80 meter hurdles race, 400 meter relay race, high jump, long jump, shot put (8lb), ball throw, javelin throw and disc throw.

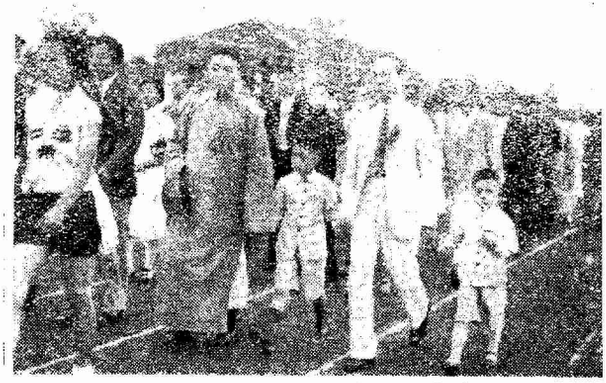
There were also aquatic sports.

Championship Results

The championship results were as follows, (winning units in parenthesis.) :

Boys :—Field Sports (Hankow), track (Hankow), Marathan (Hankow) football (Wuchang), basket-ball (Wuchang), volleyball (Hankow), tennis (Hankow), swimming (Hankow).





Photos by courtesy of Standard Photo, Hankow

Upper Left :—**Gen. Chang Chun, chairman of Hupeh, delivering the inauguration address to 300 athletes and 5,000 visitors at the Sixth Athletic Meet held at Wuchang Stadium on May 24.**

Upper Right :—**Marshal Chang Hsueh-liang speaks at the opening ceremony on the same date.**

Lower Left :—**Marshal Chang Hueh-liang (left), Gen. Chang Chun (center) and C. P. Chen (right), Commissioner of Education, leading the inauguration procession around the athletic ground.**

Girls :—Field and track (Wuchang), basket ball (Wuchang), volleyball (Hankow), tennis (Wuchang), swimming (Wuchang).

S. Y. C.

The Campaign Against Illiteracy in Shanghai

BY CHANG T'IEN FU

HISTORY shows that when a distinct reformation happens to a nation, there often follow various kinds of cultural movements; first those of destruction, then those of destruction and those of construction, and last of all, those of construction. In the two years past, the New Life Movement, Cultural Construction Movement, Rural Economical Construction Movement, Mass Education Movement and other constructive movements have burst out in China. Such a phenomena means that the period of destruction in China has drawn close to an end, and that Chinese history is now coming to a new page.

Among all the movements, Mass Education is not only the most important one, but also the only effective means, negatively to get rid of the people's ignorance, and positively to increase their knowledge. Increase of their knowledge is the only way to better their life, develop their economical power, and consequently, to revive out nation. A campaign against illiteracy is the first step to be taken in the Mass Education Movement. Such a compaign in China has been firstly launched by the Greater Shanghai Authorities, which have fixed a budget of more than one hundred thousand dollars, set the next fiscal year as the period for completing the task, and set her heart on carrying it out. Such a determination indicates that China can succeed in her combat against illiteracy just as Turkey or Soviet Russia have done.

Of the campaign in Shanghai, there are some points worthwhile to be mentioned :

1. Finacial independence.—During years past in China, many a movement came into existence, but vanished in a short time, simply because of lacking of financial independence. The committee in charge of the campaign has set a separate budget, which is indispensable for the success of this work.
2. Employment of compulsory measures.—The committee, for example, ordered that any illiterates who refuse to attend school or fail to attend regularly without reasonable causes, are liable to a fine of from twenty cents to five dollars or to compulsory labor from two hours to five days. Such measures are surely very effective.
3. Mobilization of the whole of Shanghai.—The task of the campaign is set not only on the Government and Kuomin Party, which are in a leading position, but also on all the literates of Shanghai. All of them have to take part in it. The collective power will easily bring about a fruitful harvest.
4. Selecting and training of teachers.—All teachers or members of the faculties of the schools must pass a special examination and then under go three weeks' training prior to the assumption of their positions. Such an arrangement will make them much more qualified for their work.

As I am in great and fervent hopes of the success of the campaign, I should like to offer the committee in charge the following suggestions :

Firstly, payment of due attention to the present circumstances. Shanghai is one of the greatest metropolises in the world—is crowded with business and industry. All means of communication and places of amusement may be employed, to a possible extent, for pushing forward the campaign, such as utilizing train cars, public busses, radios, theatres etc. for propaganda. The committee may also appoint all literate owners and employees of all shops or factories as honorary teachers for their surrounding neighbors. This will give much convenience to the illiterates.

As Shanghai is an industrial and business centre, the readers for the students must contain such practical characters as directly or indirectly relating to industry and business, and so the students may have use of them immediately after they have learned them. Furtnermore, the committee must co-operate with the owners of all shops and factories, and urges them to provide better treatment or to pay higher wages to those who become literate. This is a very effective way to encourage people to learn reading and writing out of their own accord.

Second following up work after the campaign.—The final purpose of this campaign is not only that the illiterates become able to read and write, but also that the same can absorb modern knowledge in order to be a good citizen of China. So the educators have to take care beyond teaching them how to read and write. When the illiterates become able to read and write, they are just like people recovering from a serious disease. When people are very sick, they cannot eat : but after the recovery, they are hungry and very desirous to eat anything. Then the work left for the doctors is selection of proper food for the newly recovered patients. After recovery from illiteracy, people will certainly desire very much to read and know more ; the work left for the educators to do is to supply them proper reading material, and not let them read anything that is improper, especially such, for example, as will break down the psychological construction of China.

Moreover, one will easily forget what one has learned, unless he gets chances to practice it. The Mass educators must, therefore, begin to prepare and publish some books, novels, periodicals or papers for the people, composed of the simple characters, which the illiterates may have learned in the compaign year. By this way, the people may keep up what they have learned. Accordingly, the campaign may have a lasting consequence.

Chinese Railways

Nanking-Shanghai and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Nanking-Shanghai Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

73-063

The Japanese Army Runs Amuck Again!

BY C. Y. W. MENG (孟慶冰)

TWO years have passed since the signing of the Tangku Agreement which, in Chinese eyes, was a "disgraceful agreement," and a shame to the nation; but which in Japanese eyes, is a good source from which many "pending problems" can be manufactured and insisted on. A period of two years has certainly given sufficient rest to the Japanese militarists to refresh themselves and to start again their military activities in North China. By the Tangku Agreement, a broad strip of territory extending southward from the Manchurian border to the environs of Peiping-Tientsin was "demilitarized"; but, as explained before, it is only a demilitarized zone for the Chinese, but not so for the Japanese. By a fresh disgraceful agreement, the Japanese militarists hope to extend the present demilitarized zone to include Peiping and Tientsin. By still another disgraceful agreement, the whole Provinces of Hopei and Shantung in the south, and Charhar and Suiyuan in West would also be included in the demilitarized zone, thus, in less than ten years, Japan would be able to "demilitarize" the whole of North China, and to convert the region at will into an actual "buffer state" between China and Manchukuo, or to form what the Japanese used to call "A Greater Manchu-Mongolia Kingdom". The Japanese militarists realize well that due to the internal chaotic condition, military weaknesses, and the favorable international situation to Japan, China can do nothing in face of the Japanese repeated aggressions, but adopt a policy of "befriending Japan". That is, the Japanese militarists are quite sure of success in their activities at every turn, and this feeling did much to encourage them to be more and more aggressive towards China.

Sun Yung-chin's Uprising: An Independent Version

Under the pretext of suppressing Sun Yung-chin's "bandits", Japan, for the past few weeks, had been massing troops which had actually penetrated beyond the Great Wall and entered the demilitarized zone of Sunhwa Hsien on May 21. They have also presented the Chinese authorities "demands", "representations", etc., which accuse the Chinese authorities with "intrigues," "special connections" with the bandits, of "giving supports" to the anti-Japanese elements; of "fanning the anti-Japanese flames," by some high Chinese officials, etc.—which formed the basis for threats to resort to "appropriate measures", saying, we (Japanese) will carry them out if measures demanded are too difficult for China"; and lastly, to a demand for the inclusion of Peiping and Tientsin in the demilitaried zone. General uneasiness prevailed in Peiping, with numerous foreign residents withdrawing their funds from local banks in preparation for evacuation to safer regions.

As a matter of fact, the truth of the situation, put in a very brief way, is as follows:—

"Sun Yung-chin, one of the leaders of the Chinese volunteers who has been opposing and fighting the invaders in Manchuria and one of the arch-opponents of the Japanese administration in Jehol Province, has about 3,000 men under his command, and has been fighting against the Japanese in Jehol. The Japanese are quite annoyed by him. After a few months of fighting, Sun suffered heavily. According to reports, about two-thirds of his men were killed and lost. Sun then tried to leave Jehol in an attempt to enter Hsifengkow, Lawenku along the Great Wall.

"On May 5 at three o'clock in the afternoon, the Chinese P.P.P.C. (Public Place Preservation Corps) stationed in Sunhwa Hsien suddenly received a communication from the Japanese military authorities to the effect that the Japanese military authorities had determined to wipe out the Sun menace. In order to avoid all possible misunderstandings, the Chinese P.P.P.C. promised to withdraw 25 li (about 8 miles) to the Great Wall, leaving Lawenku to be defended by the Japanese forces. In the evening on the same day, the Chinese P.P.P.C. were actually leaving, and the Japanese forces established their military headquarters in Lawenku.

"Only a few days later, without a single word of notification or any explanation, the Japanese forces were removed to Teh Ho Chao (撒河橋), leaving the defence area entirely undefended. The Chinese P.P.P.C., not being notified of the removal of the Japanese forces, did not come to take over the defense. Then, on discovering, that the Chinese P.P.P.C. were just preparing to enter the defense area, Sun's bandits, taking advantage of the fact that the city was 'empty', opened their attacks and occupied some of the districts on May 15.

"On one hand, the Chinese P.P.P.C. had to stop the advance of Sun's bandits, and on the other, had to consult with the Japanese forces on 'suppression plans'. After the suppression plans were decided, the Chinese P.P.P.C. under the command of Chang Ching-yu (張慶餘) and Chou Yu-ing (周毓英) were mobilized. When hard pressed by the Chinese P.P.P.C., Sun's bandits fled from the East of Sunhwa Hsien to the direction in the neighborhood of China An, Sen Tong Ing. When again hard pressed by the Chinese P.P.P.C. under the command of Chiang Yen-tien (張硯田) of the Lao-Yu District P.P.P.C., Sun's bandits fled to Mao Sen. When again being hard pressed by both the Chinese and Japanese forces, and in the midst of a bitter engagement, Sun himself was killed on May 25. His body was identified and buried".

Japanese Accusations Refuted

The above brief account of Sun's uprising, which comes to us from very reliable and independent source, should be sufficient to refute at once the numerous Japanese charges against the Chinese authorities. In the first place, the whole trouble was caused by their own negligence in removing out of the defense area without notifying and waiting for the other defense force to take over the defence, thus giving a chance to Sun's bandits to enter and occupy the area. In other words, it is the Japanese themselves who "opened the door and invited the thieves to come in" (a Chinese proverb). Secondly, when the trouble broke out, we find that the Chinese P.P.P.C. in various districts, had done their best to cooperate with the Japanese in suppressing Sun's bandits. In fairness, we believe the Japanese militarists should admit that the small Japanese forces scattered about would not be able to suppress the uprising so easily; and credit is largely due to the Chinese P.P.P.C. that Sun's uprising was quickly brought to end. Should the Chinese P.P.P.C. be animated by their patriotic feeling of "no joining with the aliens to fight against our comrades," Sun's bandits would have fled. The quick ending of his uprising was largely due to his being hard pressed from all sides. But it must be pointed out that the so-called "P.P.P.C." are the Chinese armed police from the Chinese government sent to the demilitarized zone. So their co-operation with the Japanese forces in the suppression of the bandit troubles is cooperation and assistance from the Chinese government. On what ground could the Japanese accuse the Chinese authorities for "intrigues", "special connections", "supports", etc., with the bandits?

As to the murder of two pro-Japanese Chinese editors in Tientsin, which the Japanese produce to support their accusation that the Chinese authorities are really the figures behind the anti-Japanese activities, let it be pointed out that the murder took place, not on the Chinese territory but in the Japanese concession, hence the Japanese themselves are to be held responsible. China should be exonerated from blame. So long as China promises to assist in the arrest of the murderers, China's duty ends there.

Japan's Bad Intent and Real Motives—Japan's Demands and Representations Analyzed

But, any how, the whole incident should have been closed by the death of Sun Yung-chin on May 25, if the Japanese militarists really do not have any other motive in view. A close perusal of the many Japanese "demands", "representations", etc., and a further close study of the situation will reveal to us that the Japanese merely take advantage of Sun's uprising to renew their military activities in North China. So, the lengthy representations deal with, not so much the Sun incident but with many other issues having no connection with the incident itself. The Chinese attempt to seek a seat on the Council of the League of Nations is being interpreted as one of the Anti-Japanese activities, "not only in their own country, but also in Great Britain, the United States and Geneva". The Chinese general increase in customs rates on June 1, which is entirely due to the Chinese bad internal industrial conditions, and which is purely a domestic problem, is also being interpreted as "disregard of the Japanese protests". The Chinese efforts to open the radio service between China and the United States, prior to the inauguration of radio service between China and Japan; the refusal of the Chinese newspapers in Shanghai to publish Japanese advertisements—the truth of which has yet to be confirmed—the failure of the Chinese authorities to suppress the Korean outlaws in China, are all being interpreted as very "unfriendly" to Japan.

To be brief, these "representations," when interpreted, will mean nothing but that China hereafter should not have any more close contact with the powers other than Japan. Prior to the taking up of any undertaking, such as opening of radio service, arrangement of loans, etc., China should not first consult with the other powers, but Japan first! China hereafter is not to be permitted to promote her own national welfare, but must take into consideration first the possible effect of her action upon Japanese interests. China should not increase her customs tariffs, though China is now enjoying tariff autonomy; for such action would jeopadize the Japanese interests economically. China could not go on to develop her national defence without Japanese assistance, possibly on the ground that the action would endanger peace in the Far East! Should such demands be accepted, China would virtually become a "vassel state" of Japan!

The hostile demonstration before the Yamen (government building) of the Governor, General Yu Hsueh-chung, when the Chinese were subjected to many indignities, constituted one of the most barbarous and ruthless actions in modern times, in violation of all well established principles of the international law and international comity, destroying not so much the dignity of the Chinese but rather more the prestige of the Island Empire itself. Said action shows very clearly that the Japanese army has become mad beyond the control of its rulers. It is meant as a "warning" to the Nanking authorities that any Chinese appointees in future to the posts in North China should be more pro-Japanese in character, more amenable to the Japanese aspirations and aggressions in China.

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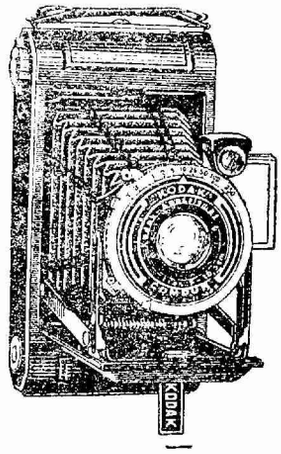

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It must be pointed out that there are some Korean anti-Japanese activities in China, but it must be also pointed out that most of these activities, if not all, take place in the foreign concessions, where the Chinese authorities can do nothing. To hold the Chinese authorities responsible for such cases, is tantamount to purposely making more troubles for the Chinese and to further the Japanese intrigues in China!

As far as our information goes, there are some Koreans in the Chinese Military Cadet School. But it must be pointed out that they are the nationalized Chinese citizens; they are no longer Japanese citizens.

Abolition of Japanese Extrality in China Is Postponed

The correspondent of the *North China Daily News* in Shanghai, writing on the brief campaign against Sun's "Volunteers", from Peiping, said that many people ascribe the present sudden military action on the part of the Japanese to a more "deeplying cause". "It is well known that the Kwangtung Army was very dissatified with the action of the Foreign Office in raising the Legation to the status of an Embassy without consulting themselves first; and in general disapproved of the attempt of the Foreign Office to establish more friendly relations with China, which they consider premature. Therefore, it is suggested that, in order to show that the Kwangtung Army was not a party to be ignored, they seized on Sun's activities as a pretext for this military demonstration". This confirms what we discussed before that Tokyo's policy in dealing with China and that of the so-called Japanese Kwangtung Army are materially different; that it is useless for Nanking to approach the Tokyo Foreign Office for negotiations; and that the whole situation is now in the hands of the Japanese "young military clique", headed by General Minami.

By raising the Sino-Japanese legation to the status of an Embassy, Mr. Hirota has apparently two motives in mind: First, to appease the Chinese anti-Japanese feeling; and secondly, to enable the Japanese diplomative representive to open direct contact and negotiation with the Chinese higher authorities. Hirota's idea is that after wresting the whole Manchuria from China, Japan's policy should be essentially to cool down the Chinese feeling, and to open negotiations with the Chinese highest authorities for the settlement of various problems. It is a well established principle of international law that ambassadors can have contact with the highest authorities of the state to which he is accredited. Tokyo certainly realizes well that it is quite futile to treat everything as "local matter," to be dealt with "locally". From very reliable information, we understand that Tokyo is even willing, and is ready, to abolish extrality in China, as a further friendly gesture to China to win over Chinese feeling.

But such policy apparently has met with no approval from the Japanese militarists, whose sole desire is to conquer China at the earliest possible date. The present military activities in North China have convinced us that the Japanese militarists have taken the whole Manchurian situation into their hands, to the exclusion of Tokyo Foreign Office. The Japanese militarists want no peace with China; no abolition of Japanese extrality in China; no further friendly gestures to China, but "war" with China!

Nanking, June 2, 1935.

Epidemic Prevention Office Opened in Nanking

An epidemic-prevention office, jointly organized by the Nanking City Party Headquarters, the Health Administration of the Ministry of Interior, the Medical Association and six other related organs, was formally inaugurated June 1. The office will be responsible for measures against cholera and other diseases in the city during the summer.

Two-thirds of Hopei Province is suffering from an acute famine. Wheat crops have been large destroyed as the result of the lack of rain.

A shipload of women arrived in Tanlo, Anhwei province, May 28 from surrounding villages. These women, dispatches from said city state, are being sold at twenty dollars each. The peasants in that region are facing serious famine because of the lack of rain.

700,000 Workers on Conservancy Works in Kiangsu

More than 700,000 workers are being enlisted for various kinds of conservancy work in Kiangsu Province.

The dredging of the lower reaches of the Kwei River on the Kiangsu-Anhwei border was completed last week. Twenty-three thousand laborers from the districts of Tungshan (Hsuchow) and Siaohsien, northwestern Kiangsu, were employed in the work.

The Kansu Provincial Government has decided to appropriate $20,000 for repairs to the Taohui Irrigation Canal, southern Kansu.

Another sum of $75,000 was appropriated May 30 by the Hopei Provincial Government towards the provision of loan facilities for the farmers in the flood-affected areas of southern Hopei.

Water rising in the river near Foochow June 3 flooded the entire city of Foochow except for a small area of high land. Dead bodies were to be seen floating on the water and a number of buildings have collapsed. Heavy damage to crops and cattle is reported from the neighboring villages.

New Quests on Cathay's Ancient Trails

BY NATHANIEL PEFFER

(The New York Times Magazine, April 28, 1935.)

SOMEWHERE in China a dozen American corporation executives and an economist or two are today eating their way through a forty-course Chinese feast, struggling with chopsticks in the cause of American business. They are members of an American trade mission of which Cameron W. Forbes, once Governor of the Philippine Islands, is the head.

They are also a symbol of the change that has come over the world; most of all, the change that has come over the East. How the chartered "Adventurers" of Good Queen Bess's day would roar with lusty mirth at emissaries of the realm seeking the treasure of the East in morning coats and with oratory. Even the masters of the sailing ships that put out from Boston in Washington's day to exchange furs and ginseng and Spanish dollars at Canton for tea and silks and nankeens would smile a bit wryly. But the change is less than meets the eye, for if the quest of the jewels of the Indies is less adventurous today, it is no less dangerous. The dangers are only different.

What the voyageur was in an older day the trade mission is in our own time. Incidentally, it was the hope of finding the fabulous Cathay that won Christopher Columbus the favor of Queen Isabella, and it was the same hope that inspired Vasco da Gama, John Cabot and later Richard Chancellor, Francis Drake and others of the illustrious company, half-explorers and half-pirates, who wandered over the seas and found continents by accident.

Some sought the Northwest Passage and some the Northeast Passage, and Cabot actually thought it was China he had found when he landed on the North American continent. But all were emissaries, not so much of their governments as of the most enterprising business men of their countries, as are the trade missions of today. And all were looking for new areas in which to sell their goods—as are the missions now. For their countries were impeded by international complications which raised obstacles to foreign trade—the Grand Turk having set himself athwart the western entrance to Asia at Constantinople—just as are the nations which send missions in 1935.

The American mission now in China is not a pioneer. It is following a beaten path. In the last few years there have been trade missions to the Far East from England, from France and from Australia. Some have been called trade missions and some good-will missions. It comes to the same thing in the fifth year of a depression.

Each mission is an incitation to others, though what is going on is all too decorous and ceremonious to be called competition. No member of any one country's delegation urges the Chinese not to buy from another country. Each is on the alert for prospects, each tries to learn what the Chinese want to buy, each seeks to commend itself to the Chinese by assurances of friendliness and interest and a desire to cooperate with the Chinese in solving their economic difficulties. In international trade today it is as it once was on Main Street. The friend makes the customer.

The Gunboat Era Passes

Again, how the times have changed! When the business men now in China were of about college age, foreign countries commended themselves to China's favorable consideration by ordering their diplomatic representatives at Peking to go to the Foreign Office and inform the terrified mandarin there in charge that unless China showed its favorable consideration as per previous demand the gunboats would move. Business was business then and national good-will something else again.

Nor did the old-time foreign business man in China resort to organized formalities to win customers. Both sides would have thought such formalities beneath their dignity. Overseas junkets to drum up trade would have caused the junketing country to lose face. Customers were won and held by the "chop" on the goods offered for sale. It was by the chop or trademark that the Chinese merchant bought, because that was the only chop he ever had bought.

And he did not expect the principals of foreign firms to come and make speeches to him. The foreigner sent his compradore, the Chinese he employed on commission as intermediary in dealings with Chinese merchants. In fact, the foreign business man in China who represented the manufacturers at home thought it a bit infra dig to have much to do with Chinese anyway, and social mingling was generally toboo. There was reserve on both sides and very little of words, but in many respects more of mutual understanding than in these progressive and spontaneous times.

A Canton or Shanghai merchant dealt with one foreign house all his life, and so did his son after him. And probably no paper was signed in either generation. It was not so many years ago that a request to a Chinese merchant for a contract or written order would have been considered an insult, a reflection on his honor. He had given his word, had he not? While the legends that are without foundation about the good old days in China are many this one rested on fact.

The old-time Chinese merchant's word was "as good as his bond," as the tourists reported. He was a hard bargainer and a sharp trader till an agreement was made, but, once made, the agreement was lived up to. Times have changed in this respect also. Business has become impersonal in modern China too. There is written law, business is done in writing, and where there is written law advantage can be taken of technicalities to evade the spirit while abiding by the letter. The old-time merchant is going and his place is being taken by a corporation.

With progress has gone a good deal of the flavor of the old China coast trade, when East was still East, but in compensation has come more business. Corporations may be less colorful, but they buy more goods. Since more of the Chinese people are adopting modern ways, a demand is created for foreign goods. Also China has begun to industrialize, and industrialization creates a demand for machinery and efficient tools, for typewriters and office equipment, for automobiles and power stations and telephones.

At the same time it increases China's ability to buy. There is more business to be had and there is more need of business from China—or from anywhere else under the sun. For this reason there is an increasing alertness to the commercial possibilities of China, an alertness shared by America, since the times have changed also in that foreign trade is no longer a luxury to America. Ten million unemployed testify we need trade from anywhere.

So the industrial countries are sending missions to see what can be worked up in China, and America is not to be left behind. Besides, America has to set about refurbishing good-will in China. For that used to be its main asset there. The writer can remember when Chinese merchants deliberately broke relations with British sellers with whom they had always dealt because American befriended China in the world's councils. Other things being equal, the Chinese would always rather give an American the order.

Unfortunately, other things seldom were equal. America had plenty of opportunity at home and was not interested in foreign trade. Not being interested, she did not know how to deal with foreign customers. Numerous and ingenious were the devices by which we repelled foreign customers, not so much by intention as out of ignorance. But need begets a desire to learn, and America is learning. Certainly she is trying, and China is a promising field for the trial—one of the few promising fields left, in fact. America wants to capitalize the asset of good-will now.

What is this China trade for which we all strive? Not so much what it is makes it worth while as what it is compared to what it used to be, and what it gives every promise of being. China's total foreign trade, imports and exports, in the last year before the depression came to three and a half billion dollars. In spite of the depression it amounted to a billion and a half in 1934 (without counting Manchuria, officially no longer a part of China), which means that it has diminished proportionately less than the foreign trade of other countries.

In 1929 the whole world was selling China one billion dollars' worth of goods, almost three times as much as it had sold twenty years before. In spite of the depression, it sold China about half a billion dollars' worth of goods last year, which is practically as much as it sold China in 1920. China is just beginning its economic development. And in this sense the China trade is almost unique.

Chinese Trade of Peculiar Importance to America

The China trade is of peculiar importance to America, because American trade with China also has been growing at an increasing rate In 1912 China bought less than 8 per cent of its foreign goods from the United States and in 1934 something like a quarter. While only a small share of America's exports go to China, they are increasingly marked—from 1 per cent before the World War to more than 3 per cent. in 1934. Significantly, America has risen from fourth place in exports to China before the World War to first place in 1934.

Allowance must be made now, however, for the fact that the Chinese silent boycott of Japanese goods may be considered abnormal. Before the Manchuria affair Japan occupied first place. In round figures the United States sold $100,000,000 worth of goods to China in 1934, but in the years before the depression, which may be considered normal, it was selling twice as much.

The three leading countries in China's foreign trade are Great Britain, Japan and the United States. Of these Great Britain, who once held undisputed mastery, has been steadily losing ground while the other two have gained. In the middle of the nineteenth century Great Britain accounted for more than half of China's foreign trade. Today she has only about 10 per cent. This is more true statistically than factually, however, since the foreign trade of Hongkong, which is a British possession, is not counted in China's trade, and many of England's exports to Hongkong are really destined to China and are only transshipped at Hongkong.

England has not lost the trade war in China yet by any means. It is to Japan that she has lost most. Great Britain's trade with China was built mainly on the export of cotton goods and other textiles, and it is just this market that Japan has invaded most successfully in recent years, not only in China but everywhere else in Asia. The textile trade of the East is fast becoming a Japanese monopoly.

From the United States China buys mainly cotton, tobacco, kerosene, flour, wheat and—what is significant—a growing proportion of machinery. Machinery and manufactured goods account

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for a third of China's purchases from America. With cotton and wheat the basis of stability in American agriculture, and with outlet for manufactured goods imperative, the importance of our trade with China is obvious.

An outlet for manufactured products is imperative also for Great Britain, Japan, Germany and other countries. A peculiar intensity is given to the trade situation by Japan's recent manifestations of intent to put a fence around China. The Japanese trade offensive everywhere has stimulated all countries to measures to hold their own.

Thus the succession of national trade missions to China is not a sudden manifestation of a wanderlust or outburst of interracial friendliness. There will be banquetings and speechmaking by China and Americans during these few weeks, but occasion will also be taken between courses to learn what goods the Chinese are interested in and to drop hints about what goods America would like to start shipping to China.

On the Chinese side there will be hints of the orders the Chinese might place if credits were extended, or, better yet, if loans were made to help the Chinese begin new enterprises. And there will be much talk, indirect but unmistakable, about America's recent silver policy, which has dealt a staggering blow to China's business.

Mohammedan Students to Receive Free Education in Nanking

A batch of 16 Mohammedan students have arrived in Nanking from Sinkiang to pursue higher studies in local universities and colleges. They will be enrolled in the Central Political Academy, the Central University, and the School for Mongolian and Tibetan Youths. The expenses of their tuition will be paid by the National Government.

Five-Province "Special Type Education" Conference Convenes at Hankow

The Five-Province "Special Type Education" Conference, with delegates from Hupeh, Kiangsi, Fukien, Anhwei and Honan in attendance, was convened at Hankow May 31-June 1. Among the technical experts present were: J. B. Taylor, foreign adviser of the Ministry of Industry, T. L. Soong, president of the China Development Finance Corporation, and Madame Chiang Kai-shek. The conference was presided over by General Chang Hsueh-liang. General Chang Hsueh-liang in an address stated that the chief aim of the special education is to direct and guide the people in the affected provinces who were led astray by the Communist bandits. The enforcement of this special education is the first step towards the rehabilitation of the bandit-areas.

Shantung Education Commissioner Under Fire

A delegation of the educational organizations in Shantung called at the Executive Yuan in Nanking May 31 and petitioned for the dismissal of Ho Shih-yuan, Commissioner of Education of the Shantung provincial Government.

Free Education to Start August 1

The Executive Yuan May 28 decided that beginning with the 24th academic year (August 1, 1935) the institution of free education for children of school age will be rigidly enforced by the Ministry of Education. A set of regulations to this effect was submitted by the Ministry of Education.

The Nanking District Government has issued a circular order to various schools instructing them to operate children nurseries (creches) during the busy farming season. Woman teachers are requested to serve as nurses.

Seven Univerities to Have Postgraduate Courses

Permission for the operation of post-graduate schools in seven univerities—Tsinghua, National Peking, Chungshan, National Central, Du Han, Nankai and Peiyang Engineering—has been granted by the Ministry of Education.

Yunnan University Gets Grant of Boxer Money

The application of the Yunnan Provincial University for a special grant for the purchase of additional scientific equipment has been approved by the Board of Trustees in charge of the British Boxer Indemnity Refund. A sum of $10,000 will be paid to the University during the 24th fiscal year (July 1, 1935-June 30, 1936).

New Plant in Shanghai Manufactures Various Brands of Liquid Soap

The Capital Chemical Works, 589-595 Route de Zikawei, recently organized by a number of leading local industrialists, is the first factory in this country to manufacture liquid soap. Among the numerous brands made by this company are "White Bear" Brand—for washing silk and woollen articles—the "Parrot" Brand—for washing cotton and linen articles—and the "Sea Gull" Brand—for the face, hands, hair, bath, and other toilet purposes.

Gen. Huang Fu's Sickness ---An Enigma

BY PAUL K. WHANG (王 仲 芳)

HYPOCRISY has been given a great play in the recent developments of Sino-Japanese relations. While the Chinese and Japanese Governments were exchanging notes of good wishes over the exchange of ambassadors, the Japanese warlords were dispatching ultimatums and warnings to the North China authorities charging them with failure to observe the terms of the Tangku Truce agreement. Following upon their ultimatums and warnings, they sent large detachments from Jehol into the Luantung Demilitarized Zone and conducted military operations on a large scale against the supposed volunteer forces. The people in North China are once again placed on tenterhooks, as this Japanese intervention may turn out to be more than a merely Japanese punitive expedition. What will be the outcome of the present Japanese military adventure, only time can tell; but it is certain that the Japanese warlords are not likely to lay down their arms without exacting some new concessions from the North China authorities.

This Tangku Truce agreement, which was signed on May 31, 1933, has now taken on the aspects of another "China's Sorrow." In the name of the Truce, China has already been compelled to agree to the resumption of through railway traffic and through postal and telegraphic services between China and "Manchukuo," the establishment of customs stations along the Great Wall and the relinquishment of approximately 1,500 square miles of Chinese territory in Charhar to "Manchukuo." Now in the name of the Truce again, the Japanese warlords have sent an expeditionary force to the so-called Demilitarized Zone. In this circumstance one can not help wondering if the end of this long procession of demands will ever come. It is only natural that our people can not view this anomalous situation with ease, the more so because the official text of this notorious agreement, although two full years have passed, has not yet been published by the Nanking Government. The strict secrecy observed by Nanking officialdom over its terms bespeaks that there must be something still more unpalatable to the Chinese taste than what has already been revealed to the public.

An Enigmatical Sickness

That which has especially caused a great concern to the Chinese public in general and the people in North China in particular is the enigmatical sickness of Gen. Huang Fu, chairman of the Peiping Political Affairs Readjustment Committee and concurrently Minister of Interior of the National Government. Gen. Huang, whose stature and features give him an appearance more of Japanese than a Chinese, is not an unfamiliar figure in China's political stage. At one time, he even served as the premier of the old Peking government. But his official record with the National Government at its early stage was not a glorifying one. At the time of the Manchurian Incident, he was already a forgotten man and lived in retirement in Shanghai. But his Japanese education and training served him a good purpose, when Peiping and Tientsin were threatened by the Japanese guns in the Spring of 1933. He was called forth from his retirement and rushed to the North under the official title of chairman of the Peiping Political Affairs Readjustment Committee for the purpose of saving North China from the Japanese invasion. He was instrumental in concluding with the Japanese warlords a truce by signing an agreement which has become known as the Tangku Truce agreement. Since then, he has become an indispensable figure in China's political stage, whose movements and activities have been closely watched by the public. The Nanking Government, in recognizing his services, appointed him concurrently to the post of the Minister of Interior a few months ago.

The ascendancy of Gen. Huang into power marked a great change in China's diplomatic policy towards Japan. The pro-American and pro-European officials in the Chinese government, who had hitherto conducted China's foreign policy, found their ground slipping rapidly under their feet as a result of the impotency of the League of Nations to call a halt to the Japanese invasion, and had to make room for the pro-Japanese officials. Since the signing of the Tangku Truce agreement, China's Japan policy has been nothing better than one of the abject surrender. In their eagerness to please their Japanese friends, Gen. Huang and his followers have been always ready to accommodate the Japanese as much as possible, so long as the nominal control of North China can rest with the Chinese.

But Gen. Huang, in spite of his popularity with the Japanese warlords, has not had an easy time in getting along with them. During the past two years as the virtual leader of North China, he, once and again, had to pack his trunks and leave Peiping for either Shanghai or Mokanshan on the alleged reason of his poor health. What has made his sickness enigmatical is the fact that every time when he left Peiping there had always been some rumors regarding the new Japanese demands, that he would stay away from the old capital long enough to the disquietude of the Nanking officialdom, and that his return, after many conferences with the Nanking officials, would be followed by the settlement of new issues with the Japanese and the temporary easing up of the otherwise critical situation. Therefore for some time, his health has been looked upon as a sort of barometer, by which we can tell pretty well the tenseness of Sino-Japanese relations in North China.

If my memory is correct, this is the third time that Gen. Huang has left his Peiping post on the plea of his illness. For more than two months, he first secluded himself in Mokanshan and now keeps his sojourn in Shanghai. He has been reported that he can not yet set a definite date for his departure for North China, because he has not fully recovered from his ill-health. One wonders if his health is really as delicate as it is supposed to be, as there is no reason for coming down to the south for recuperation, inasmuch as Peiping offers much better medical facilities than anywhere in China. Moreover, no matter how poor his health is, he, as the highest civilian official in North China, is duty-bound to stand by his post especially at a time when the situation there is full of dangerous possibilities. Therefore taking everything into consideration, we can not help concluding that his past and present sickness is nothing but a political one.

An Unenviable Position

That Gen. Huang's position is far from being an enviable one can not be gainsaid. In his present position, he has to take orders both from his superiors in Nanking and from his Japanese friends in "Manchukuo." The officials in Nanking may assume a more conciliatory attitude towards Japan, but they are not yet in a position to commit themselves openly to some acts which can not be countenanced by the general public. On the other hand, the Japanese warlords, with their insatiable thirst, have thrust upon him demands after demands, and have used the Tangku Truce as a lever to exact from him concessions after concessions. In this circumstance, he has really had no alternative but to take frequent sick leaves as a way out of his dilemma.

His present hesitancy to return to his post may be explained by the fact that his Japanese friends, after waiting for two years, are now insisting upon the carrying out of all the terms of the Tangku Truce agreement, which was signed on the Chinese side by Gen. Hsiung Ping, a personal representative of Gen. Huang. As I have already said before, this agreement, the terms of which have been kept in strict secrecy, may provide some terms which will prove even more unplatable to the Chinese taste than what has already been disclosed. The Nanking officialdom, for obvious reasons, may deem that the time is not ripe yet to carry out all its terms. Since the agreement was signed by his personal representative, Gen. Huang would be held responsible for its fulfillment by his Japanese friends. Therefore he can not return to his post, until the Nanking Government can give him something which can be presented to his Japanese friends in turn.

The current report that the Japanese warlords are now forcing China to accord recognition to "Manchukuo" may have something to do with the new Japanese demands. With the setting up of customs barriers along the Great Wall, China, as a matter of fact, has already given a tacit recognition to the puppet state. This, however, can by no means satisfy the Japanese warlords, who want nothing less than China's formal recognition of their puppet state. It has been always their contention that "as long as China declines to accord recognition to 'Manchukuo', there will be no possibility of replacing the Tangku Truce agreement with a treaty of more permanent nature."

In a word, the thirst of Japanese warlords is insatiable; and after gaining one inch, they are longing for one foot. Even if the Nanking officialdom has the audacity to extend formal recognition to "Manchukuo", this will not stop them from seeking new pretenses to further their conquest over China. Therefore General Huang's position will continuously be a difficult one. He may go back to his post this time, but we shall not be surprised at finding that before long the recurrence of his sickness will once again necessitate his coming down to Mokanshan or Shanghai for recurperation. His sickness can not be cured, until the Nanking Government has mercy on his health and relieves him from this difficult post.

Shanghai, June 3, 1935.

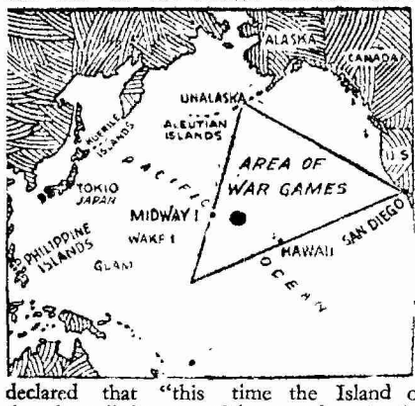
73-068

U.S. Senate Adopts Increase in Funds to Build Warships

The U. S. Senate May 22 approved an increase by $11,690,000 in the sum provided in the $459,600,000 naval appropriation bill to finance the start of the construction of 24 new ships. It is recalled that the Senate appropriations committee threw out the 50 per cent cut introduced by the House in the sum allotted for building the 24 new ships and reported on May 9 the 1935-36 naval appropriation bill, bringing the total up to $459,600,000. The committee recommended that construction be started with the $11,690,000 appropriated by the House and that an equal amount be taken from the unused funds of the Navy Department for this year.

Where the Recent U.S. Naval Maneuvers Took Place

The accompanying sketch map of Pacific shows the triangle within which the U.S. navy recently carried out its manvevers—"war games" at they are frequently termed. It will be noted that one side of the triangle connects San Diego and the Aleutian Islands and that the other two sides cut through Hawaii and Midway respectively.



It will be of interest in this connection to note that when Henry L. Roosevelt, the assistant Secretary of the Navy, arrived in Honolulu May 22 from San Diego, on the U. S. cruiser *Houston*, and was questioned about the fleet maneuvers, he declared that "this time the Island of Midway is not in the picture" for an aerial or a submarine base.

Asked further whether civilians in Hawaii ought be drilled in defense against attacks, the Assistant Secretary dismissed the project as "unnecessary." He added that foreign nations had nothing to worry about regarding the fleet maneuvers. He also explained that the recent mass flight to Midway by naval planes was not connected with any expansion of America's naval air force in the Pacific, nor is there any indication of similar flights to other points of the Pacific. Replying to another question, he said that whether a reduction in the military forces in the Philippines means an increase in those stationed on the Hawaiian Islands lies in the future. In conclusion, he indicated that he would watch the mass berthing of 156 ships in Pearl Harbor.

Japan Will Oppose Postponement of Disarmament Parley

The *Nichi Nichi* says the Japanese Navy is absolutely opposed to postponement of the coming main naval conference until next year. If the conference is not held within this year, the naval authorities say, Japan does not mind having no-treaty relations. The position of the Japanese Navy is that a clear-cut situation even if it is a no-treaty relation is better than maintenance of an ambiguous situation.

Eight Chinese Naval Cadets to Be Sent to England

The Minisiry of Navy has decided to dispatch a group of eight cadets to England to pursue advanced studies and undergo further training in the operation of torpedo boats.

Quezon Predicts Plan for U. S. Naval Bases in Philippine Islands

Manuel Quezon, President of the Philippine Senate, in an interview in San Francisco May 16, said the so-called Japanese problem in the Philippines is exaggerated, for it does not exist. He stated that the United States will not maintain army posts in the islands after independence and forecast "arrangement to take care of the United States naval bases."

British Official Goes to Wenchow to Investigate Tobacco Boycott

E. W. Jeffery, British Vice-Consul for Chinese Affairs in Shanghai, departed for Wenchow this week to investigate a boycott in progress there, particularly against the Yee Tsoong Tobacco Co. Ltd., (formerly the B.A.T.) The trouble is stated to have arisen because of the strict observance by the Wenchow authorities of the principle of the New Life Movement, of which one of the objects is to stop smoking among the Chinese. The habit is considered detrimental to the Chinese race. The result of the enforcement of this principle is a boycott of all tobacco goods consigned to Wenchow. It was reported that in the middle of last month the city officials seized some 40 cases of Ruby Queen cigarettes.

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73-069

No Reduction in Kwantung Army Expenses in Sight

HOPES held in many Japanese official and financial quarters that the improvement in Manchukuo's internal situation would allow a drastic slash in the yearly expenditures of the Kwantung Army suffered a serious setback May 29 with the receipt of a report in Tokyo that two of Japan's military chiefs had reached an agreement that at least Yen 30,000,000 would be needed annually for the next five years by the Japanese forces in the new Empire. An accord to this effect was reportedly reached between Gen. Senjuro Hayashi, Japanese minister of war, now on a tour of Manchukuo, and Gen. Jiro Minami, commander in chief of the Kwantung Army, during a conference at the latter's headquarters in Hsinking.

Manchukuo Wants National Currency Used in Contracts

With the approach of the deadline set for the redemption of Tayang currency, issued under the regime of Marshal Chang Hsueh-liang, the Manchukuo Government May 30 forwarded a circular to all banks and financial establishments to remind them that only its new notes and subsidiary units are legal tender in the new Empire. Contracts hereafter are to be drawn in the new national currency.

Manchukuo-Japan Joint Gold Certificate Issue is Advocated

The Tokyo *Nichi Nichi* May 23 stated that the continuation of the American silver policy, which makes currency deflation in silver standard countries inevitable, is giving rise to talk of establishing a Manchukuo-Japan bank for the issuance of gold certificates in place of silver notes, especially as there is similar talk in China of currency reform.

The Tokyo *Nichi Nichi* of the same date mentioned that although Manchukuo currency has a connection with silver through Dairen banknotes and the system is based on silver, conversion has been suspended and export of silver bullion prohibited from the first, so that Manchukuo currency is really a managed paper currency.

Manchukuo Yuan Continues to Drop

Japanese papers report a continuing drop in the value of the Manchukuo yuan as compared with the Japanese yen. Discussing the financial situation in Manchukuo, Naojero Kikumoto, chairman of the bankers' mission which recently toured Manchuria, stated last week that the real Manchukuo currency question is not so serious as it is understood in Japan. About 75 per cent of the Japanese capital invested in Manchukuo is spent in Japan and only a part of the remaining 25 per cent in China and other countries. Since Manchukuo was founded, about Yen 600,000,000 of capital has been imported to that country, Mr. Kikumoto said.

Japan Has Sixty Per Cent of Manchukuo's Trade

Japan and Korea were jointly responsible for 60 per cent of Manchukuo's trade during the first three months of this year, with Yuan 166,701,000 out of the total of Yuan 256,516,000, according to figures released by the Department of Finance in Hsinking, May 29.

New Fushun Cement Factory to Start Operation Next Month

Operations at the Fushun Cement Manufacturing Factory are announced to begin early in July. The plant, designed to produce 100,000 tons of cement annually, has been under construction since early in September last year at a cost of Yen 2,500,000.

Five-Year Program for Electrification of Manchukuo Drafted

The Manchuria Electrical Industry Company May 28 announced a five-year program providing for the building of 15 new power plants and a nation-wide grid for distribution at a total cost of $85,006,000. The project will also include the Kwantung Leased Territory and the South Manchuria Railway Zone.

Streamlined "Baby" Locomotives to Run on S.M.R.

Two streamlined locomotives developing an hourly speed of 100 kilometers will run between Dairen and Mukden early next year, the South Manchuria Railway Company announced May 28.

Drastic Reforms Foreshadowed in S.M.R. Personnel

Drastic reforms in the personnel, and possibly in the organization, of the South Manchuria Railway Company are predicted to occur soon after the general meeting of the shareholders on June 20. Manchurian Affairs Bureau officials are, however, reported to be opposed to any drastic attempt to reorganize the South Manchuria Railway Company, a question which has been brought again to the fore with the sale of the Chinese Eastern Railway.

Manchukuo-Mongolia Delegates Meet to Settle Lake Buyer Nor Incident

Representatives of Manchukuo and Outer Mongolian met in Manchuli officially for the first time May 31 for the conference which is to discuss a settlement of the Khalkamiao (Lake Buyer Nor) Incident of last January. The opening session was featured by addresses of greeting by Lin Sheng, Governor of the North Hsingan Province and head of the Manchukuo delegation, and Mr. Sanbowa, Vice-Minister of War and Outer Mongolia's chief representative. An exchange of pledges to take no step prejudicial to each other was made by the delegations.

At the June 3 session, the Outer Mongolian delegation presented a series of five proposals regarding procedure to be followed at the pourparlers, to all of which the representatives of Manchukuo filed strong objections. Among the Mongolian proposals were that the Mongolian language should only to be used in the negotiations, and besides the conference was not to employ any interpreters.

Mr. Sanbowa, Outer Mongolian Vice-Minister of War, called on Mr. Goto, acting Japanese Consul in Manchuria, to express his desire for the co-operation of the nations of East Asia, according to a report received in Hsinking June 3 from the border town.

Outlaws Attack Mine in Kirin Province and Burn Buildings

Two buildings were burned by a group of armed bandits who attacked an office of the local mine in Holung, southeastern Kirin Province, May 21.

Japanese Officer Slain Rounding Up Bandits

A Japanese officer was killed in action May 17 when the 5th Cavalry Brigade of the Manchukuo Army rounded up a group of bandits at Chichan, southern border of Heilungkiang province.

Bandits Attack Town in Sankiang Province

Intensive fighting was reported to be in progress May 20 between a mixed force of Japanese and Manchukuo troops and a group of more than 2,000 Manchukuo bandits near the town of Poli in Sankiang Province Four Japanese soldiers were killed and five others seriously wounded.

Japanese Troops Rescue Victims of Bandits

Seven out of the 10 Japanese and Koreans kidnapped by Manchukuo bandits on May 2, when the outlaws attacked a train on the Hsinkin-Tumen line near Tunghua, were rescued May 19 by troops of the Japanese Garrison stationed at Mingyuenkou. They were taken by motor trucks to the headquarters of the Japanese Garrison at Mingyuenkou, Chientao Province.

S.M.R. to Control Harbors of Seishin and Yuki

The *Japan Advertiser* of May 21 stated that as part of the program to make North Korea as important an avenue as the Kwantung Leased Territory to the Great Hinterland of Manchukuo, the South Manchuria Railway Company is negotiating with the Korean Government-General for control of the harbors of Seishin and Yuki, which it means to develop. The company has already started harbor construction at Rashin at the request of the Kwantung Army and the Manchukuo Government. The three harbors are all closely related geographically and economically. According the to *Asahi*, the vice-president of the railway company, Yoshiaki Hatta, arrived at Seoul May 28 after an inspection visit to the three ports in North Korea and conferred for several hous with Kiyonori Imaida, Vice-Governor-General of Korea, on the question of taking over the management of the harbor enterprises at Seishin and Yuki. It is believed that the Korean Government-General will give its consent.

Moscow Agrees to Revise Fishery Treaty

Moscow's acceptance of Japan's request for the revision of the Fisheries Treaty, which lapsed on May 4, was communicated to Mr. Ohta, Ambassador to Soviet Russia, by B. S. Stomoniakoff, Vice-Commissar for Foreign Affairs, on May 29. Among Tokyo's proposals will be those dealing with the modification of the present system of auctioning off of the fishing districts, abolition of the rouble-yen exchange scheme, changes in the present system of rent payments and augmentation of the existing measures for fish conservation.

Shigeto Aburahashi, Vice-Consul attached to the first section of the European-Asiatic Affairs Bureau, will be sent by the Japanese Foreign Office to Moscow to assist in the Japanese-Soviet negotiations for the revision of the Fisheries treaty.

Soviet-Manchukuo Railway Conference to Be Held in Harbin in the Near Future

Negotiations for the regularization of Soviet-Manchukuo through railway traffic will be held in Harbin during the latter part of this month. The conference will be held in comformance with an understanding reached by the officials of the countries at the time of the signing of the North Manchuria (Chinese Eastern) Railway agreement in Tokyo on March 23. It was decided at that time to conclude within three months a separate agreement dealing with traffic between the two States. Additional details were discussed on May 9 at a meeting between M. M. Slavutsky, Soviet Consul-General in Harbin, and Mr. Ohashi, Manchukuo Vice-Minister for Foreign Affairs. The proposed agreement will deal with passenger and freight traffic between the two countries and with direct, without reloading, freight transportation between the Ussuri and North Manchuria Railways via Suifenho.

Manchukuo-Soviet Telegraph Agreement Drafted

A draft agreement providing for the resumption of regular telegraphic communication between Manchukuo and Soviet Russia

has been completed by the Bureau of Posts of the Ministry of Communications. Maintenance of the present telegraphic service between Suifenho and Vladivostok and between Manchukuo and Chita and the restoration of the Heiho-Blagoveschenck service form the salient points of the drafted plan.

Soviets Open Huge Aluminum Plant

The Dnieprovsk aluminum plant, which will be the largest enterprise in the aluminum industry in the world, having a yearly capacity of 40 thousand tons of aluminum, was formally opened on May 30. The works were built with the assistance of French engineers. *Tass* says that though the term of agreement with the French industry has now expired, friendly connections are still maintained between the Soviets and the French industries, and mutual assistance is not infrequent.

Soviet Barracks Burned at Blagoveschensk

A big fire destroyed a section of Blagoveschensk, May 8, when a movie film being shown caught fire. The barracks of a cavalry regiment of the Red Army were among the buildings destroyed.

Soviet Scientists Visit Habarovsk Region

A group of Soviet academicians of agricultural science arrived at Habarovsk last week to study seed culture, horticulture and mechanization of agriculture.

Soviets Deny Japanese Allegations of Activities in Sinkiang

The Moscow *Izvestia* June 2 controverted assertions by Japanese correspondence from Manchuria that all Soviet factories and State farms and the resources in Siberia were being given over to the Army to control. *Izvestia* also said there is not an iota of truth in reports that the Soviets are constructing railways in Mongolia and Sinkiang. It is also generally known by the Mongolian people, says the Moscow organ, that there is no single member of the Red Army in Mongolia and the report that the Soviet Government sent Red Commanders and soldiers, former employees and workers on the C.E.R., there is characterized as a lie.

Special Soviet-Japanese Friendship Issue of "Japan Times"

The *Japan Times* June 3 issued a special edition devoted to Soviet-Japanese relations entitled "Soviet-Japanese Friendship Number."

Tenth Anniversary of "Pacific Star"

The Khabarovsk newspaper *Pacific Star* last week celebrated its tenth anniversary. A special Jubilee number was issued.

Japanese and British Ambassadors to Present Credentials

Lin Sen, Chairman of the National Government, has appointed June 14 and June 15 as the dates for the presentation of credentials by the new Japanese and British Ambassadors to China, respectively.

British Minister to See General Chiang Kai-shek in Szechuen

Sir Alexander Cadogan, the British Minister to China, is planning to pay a visit to General Chiang Kai-shek, President of the Military Affairs Commission, in Szechuen.

French Will Also Have Embassy

M. Laval, French Minister of Foreign Affairs, May 31 officially informed the Chinese Charge d'Affaires in Paris, Hsiao Shih-yung, of the decision of the French Government to raise the status of the French Legation at Peiping to that of an embassy. A bill authorizing the necessary credits is being submitted to Parliament in the near future.

Chinese Officials Are Punished for Laxness

Convicted on charges of violation of law and oppression of the people, Wang Pei-shih, District Magistrate of Lukiang, in Anhwei, and Tien Yung-nan, Chairman of the Lukiang Finance Committee, will have their salaries reduced by 10 per cent for two months, according to a decision rendered by the Committee for the Disciplinary Punishment of Public Functionaries. The impeachment was made by Wang Tzu-chuang, member of the Control Yuan.

Hsieh Lu-chien, Presiding Judge of the Hopei Provincial High Court, has been given one demerit by Wang Yung-pin, Minister of Judicial Administration. Minister Wang has instructed Judge Hsieh to settle the large accumulation of pending cases within a definite time.

Extrality Abolition Study Committee Formed at Nanking

The Committee recently appointed by the Ministry of Justice to study the abolition of extraterritoriality in China was formally established in Nanking this week. Wang Yung-pin, Minister of Justice, May 31, gave a dinner to the members of the Committee to exchange views on the problems to be studied by the Committee. Among those present at the party were Dr. F. T. Cheng, former Vice-Minister of Justice, Dr. Lo Chia-luen, President of the Central University, Hsu Mo, Vice-Minister of Foreign Affairs, Dr. Hsieh Kuan-sheng, Chief Secretary of the Judicial Yuan, Messrs. Cheng Tsi-chun and Yang Pang.

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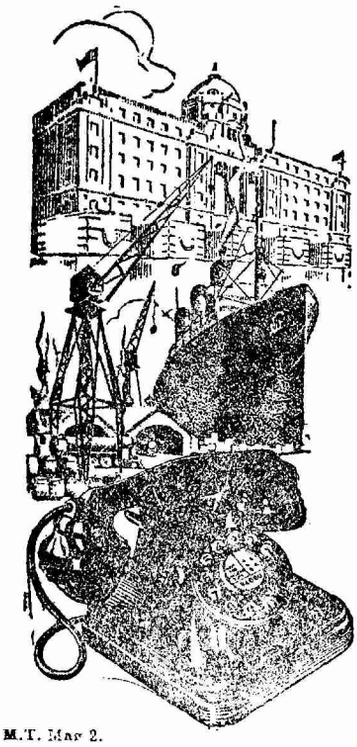

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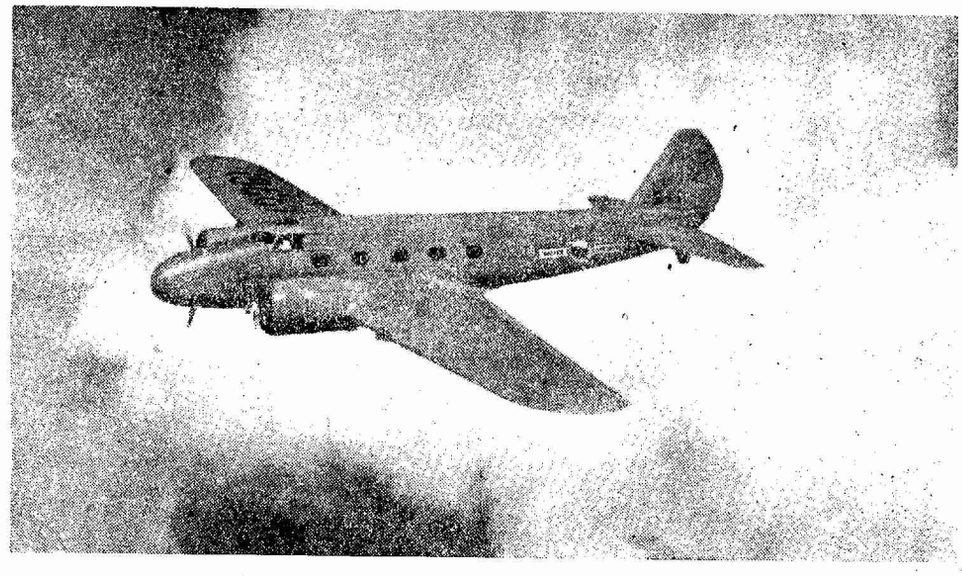
73-071

"White Eagle" Boeing Plane Makes New Record on Shanghai-Hankow Flight

Marshal Chang Hsueh-liang's "White Eagle" Boeing airplane made the trip from Shanghai to Hankow Sunday, June 2, piloted by Julius Barr in two hours, 52 minutes, making a stop at Nanking enroute. Travelling at a speed of 190 miles per hour with low ceiling and driving rain, this fast transport plane established a new flying record between Shanghai and Hankow by way of Nanking.

"Short, but sweet," was the comment of Miss Dorothy F. Rix, secretary to W. E. Beall, local Far Eastern Manager of Boeing Aircraft Company of Seattle, who has a passenger on one of two demonstration flights in the Boeing 247-D prior to its flight to Hankow on Sunday. Miss Rix, former Chicago secretary to P. G. Johnson, one time president of United Air Lines, has been assustomed to making hasty departures with her typewriter to all parts of America on business. She has covered over 150,000 miles by airplane in carrying on her secretarial duties.



View of Boeing Airplane "White Eagle" in Flight

Peasants Appeal Regarding Airdrome Site at Sinhsiang, Honan

Peasants in the district of Sinhsiang May 22 appealed to the Honan Provincial Government for a thorough investigation of the construction of the airdrome just southwest of the city. According to the Government's program, some 1,000 mow of land will be bought officially from the peasants at a price of $30 per mow. A dispute has arisen between the government and the peasants regarding the measurement of the land and the registering of the labor rendered by the peasants.

Survey for Lunghai Rail Extension to Be Made With Airplane

The Ministry of Railways has recently purchased an airplane for making aerial surveys for the extension of the Lunghai Railway to Lanchow, provincial capital of Kansu.

British Plane to Be Tried on Canton-Lungchow Run

The Far East Aviation Company of Hongkong end of last month delivered a Miles Falcon Monoplane to the Southwest Aviation Corporation for a trial demonstration from Canton to Lungchow.

Nanking Holds Air Defense Exhibit

The Nanking Air Defense Commission began a big air defense exhibition at the First Park in the capital June 6, to continue two weeks. Samples, models, diagrams and pictures of machines and instruments used in air raids and defense collected in China and from abroad are among the exhibits.

Douglas "Mystery Plane" Makes New Commercial Record in U.S.A.

The Douglas "mystery plane" May 18 covered a 1,000-kilometer course in three hours and 16 minutes, in the United States averaging 306 kilometers an hour, or 190 miles, a new world record for a commercial plane with a pay-load.

U.S. Army to Open Bids on Pursuit Airplanes With Bombers' Speed

The U. S. Army will soon open bids for pursuit planes, seeking the world's fastest ones, capable of matching the tremendous improvement in the speed of bombing planes. The major American manufacturers have submitted designs. A modification of Keith Rider's "bullet plane" is reported to have made 325 miles an hour in tests.

Japanese Plane Crashes Into Restaurant Kitchen and Kills Maid Servant

A maid-servant was killed instantly, two non-commissioned officers received serious injuries, and another sustained slight injuries, when a fighting plane belonging to the Tateyama Naval Corps, crashed into the kitchen of a restaurant at Tateyama May 24.

Soviets Plan Great Arctic Aerial Line

A new airline from Tixie bay along the western shore of the Laptev sea up to the lower stream of the Kolyma and farther on to Wellen is being planned by the Soviet chief administration of the Northern Sea route. It is planned to complete this colossal Artic airline in 1937.

Soviet Parachute Jumpers Hold Festival

Soviet parachute jumpers held a festival in Moscow May 31 in celebration of the presentation to the Society of Air and Chemical Defence of 18 new airplanes, constructed by public organizations.

Pan-American Runs Plane Between Juneau and Nome, Alaska

Nome, Alaska, a city in the shadow of the Arctic Circle, 7000 miles from New York and Atlantic seaboard cities, has been brought within 4½ days travel from New York by the opening of an airline from Juneau by the Pan American Airlines.

Japanese Warships In Amoy Fire on Chinese Customs Cruiser

Another incident among several that occurred recent in connection with the smuggling operations which junks engage in between the island of Formosa and the city of Amoy, took place on May 30, when two Japanese warships fired on a Chinese Customs cruiser and ordered it to stop near Amoy. The incident started when the Chinese coast guard cruiser discovered two junks engaged in smuggling foreign (evidently Japanese) goods to China and escorted them to Amoy. On the way, they were sighted by a Japanese fishing boat, which sent a radio to the Japanese warships. The Japanese warships stopped the Customs boat and ordered its inspection. This action, it is pointed out in a Chinese dispatch from Amoy, is entirely illegal as the boat was in Chinese waters. The Customs authorities at Amoy telegraphed Nanking asking the authorities to negotiate with the Japanese authorities regarding the incident. It may be mentioned in this connection that the Chinese Coast guard vessels are mostly officered by British subjects, frequently ex-Navy man. A previous incident occurred May 10 when a Chinese Customs cruiser allegedly overhauled the *Dai-Ichi Hosei Marus*, a one-ton Japanese fishing boat, and confisciated its entire catch. The Chinese cruiser, according to a *Rengo* dispatch, carried about 20 Europeans and 100 Chinese. Later Japanese telegrams stated that the Japanese warships were "searching" for the Chinese cruiser.

Chinese Customs Patrol Boat Seizes Huge Silk Cargo on Trawler

The new Customs Preventive Service patrol boat *Kuan Wei* made a seizure of 500 bales of artificial silk valued at about $150,000 in the Mouth of the Yangtsze area June 1. When the Customs patrol boat overhauled a fishing trawler they discovered that the latter was filled almost to the hatch covers with bales of artificial silk. Placing everyone aboard under arrest, the trawler was brought into port, arriving at the Customs Jetty late at night. The trawler is equipped with a powerful "hot-spot" Diesel engine, capable of driving her at a speed of about 18 knots. The *Kuan Wei* has a two-way wireless set, powerful searchlights and three power engines that are controlled individually from the wheel-house as part of her equipment. She carries fuel, food, etc. for a range of 420 miles.

Who's Who in China

沈 昌

Shen Chang

Shen Chang, railway director; born at Tung-Hsian, Chekiang, 1905; received education in the United States, graduating from Massachusetts Institute of Technology and Cornell University with the degree of M. S.; Secretary of the City Government of Shanghai Special Municipality, 1927, Section Chief in Ministry of interior and concurrently Chief Secretary of Famine Relief Commission, 1928; Technical Expert Attached to the Ministry of Interior and concurrently member of Huai River Conservancy Commission, member of North Canal Hydraulic Engineering Commission, Chief Secretary of South China Hydraulic Engineering Commisson, 1929-31, Chairman of Purchasing Commission of Ministry of Railways, 1932; Managing-Director of Peiping-Suiyuan Railway, 1933 to present; address: Peiping-Suiyuan Raiway Administration, Peiping.

沈昌，年三十歲，浙江桐鄉人，畢業於美國麻省理工大學及康納爾大學，得工科學士位，一九二七年任上海特別市市政府祕書，一九二八年任內政部科長，兼任賑災委員會祕書長，一九二九至三一年歷任內政部專員，兼任導淮委員會委員，北運水利工程委員會委員，華南水利工程委員會祕書長，一九三二年，任鐵道部購料委員會會長，一九三三年任平綏鐵路局局長，現供斯職，通信處：北平，平綏鐵路局。

亞林沙而

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Municipal Police Refuse to Comply with Chinese Court Order

The case of the suspected foreign Communist who for a long time refused to give any details of himself, but who, when he was told by the Chinese Court in the Foreign Concession that he could not employ counsel unless he disclosed his name, eventually gave his name as Joseph Walden, and claimed to be a French citizen, but without the necessary papers to prove his nationality. The suspected Communist has been held by the Municipal Police for several weeks in the Amoy road prison, and at various times has been brought before the Court. The case came to a head at the sitting June 5, when the Court had before it two requests for extradition—one from Judge Hooghe of the local French Consular Court, who asked that the man be allowed to visit the French Consulate so that his claim to French citizenship might be investigated, and another from the Hupeh Hight Court. Judge Yoh, citing the precedent of Paul Ruegg Noelens and others, refused the French request and acceded to the request from Hupeh. The Municipal Police, however, refused to turn over the prisoner, and there the matter rests for the present.

U. S. Asks Europe to Pay, But Prospects Are Poor

The U. S. State Department June 1 sent out statements to 13 debtor nations in Europe asking for a total payment of $180,899,701, on June 15. The only country that will probably pay is Fuinland, whose installment amounts to U. S. $165,453.

Soviet Author to Write New Book on Far Eastern Army

P. Pavlenko, prominent Soviet author, has decided to write a book about the Far Eastern Red Army. Mr. Pavlenko in a recent interview said: "What I have seen and heard of interest in the Far East will be the basis of my new book on the Far East. A considerable part of my book will be devoted to descriptions of young Komsomols and their life in the ranks of the army there."

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Guaranteed to contain nothing in any way injurious even to the youngest or most delicate infant, mothers may safely rely on Baby's Own Tablets. They are sold by chemists everywhere.

73-073

Men and Events

A Motion-Picture Training Class will be opened in Nanking July 1 under the auspices of the Central Party Publicity Committee.

The Shanghai American Baseball Club is soliciting subscriptions for the maintenance of the American national game during the coming summer.

The commencement exercises of the Shanghai American School will be held Friday, June 14 at 5 p.m. on the quadrangle of the premises in Avenue Petain.

The China Statistical Society assembled for its fifth annual meeting in Nanking at the National Central University May 31, with Wu Ta-chun presiding.

The National Y.M.C.A. Employed Officers Conference was formally inaugurated in the auditorium of the Officers Moral Endeavor Association in Nanking May 31, to continue seven days.

The annual dinner of the Shanghai American University Club will be held at the American Club, on Tuesday, June 11, at 8 p.m., when the American Economic Mission will be the Club's guests.

Tang Hsi-fen, Superintendent in the Ministry of Education, has been appointed official delegate to the International Educational Conference to be held in Oxford, England, on August 10 to 17 inclusive.

Yuan Liang, the Mayor of Peiping, has launched a campaign against the pratice of foot-binding. Girls under 15 years of age are forbidden to bind their feet. Those who have already done so are ordered to unbind their feet immediately.

The third mass marriage sponsored by the Bureau of Social Affairs took place at the Kiangwan Civic Center auditorium June 5, when a total of 54 couples were united, with Mayor Wu Te-chen, and Woo Sing-ya, head of the Social Affairs Bureau, officiating.

John S. Littell arrived in Shanghai this week to assume the post of American Consul in Shanghai, accompanied by Mrs. Littell and child. Mr. Littell, who was born in China and served in Tientsin and Peiping, was last with the American Consulate in Mexico City.

A circular telegram was issued May 31 by the Kwangtung Seamen's Union, urging the Government to make strong representations to the Siamese Government against its anti-Chinese policy. An embargo should be enforced on the import of rice from Siam, the message recommends, if the Siamese are obdurate.

Chang Chi-chang, an officer in the Metropolitan Gendarme Corps at Nanking beheaded his wife and carried along her head to the Gendarme Headquarters to confess his crime May 31. Chang alleged infidelity on the part of his wife and complained that she refused to cohabit with him. He is being detained at the Gendarme Headquarters.

Chang Kia-chu, younger brother of Chang Kia-ngau, vice-governor of the Central Bank of China, was married to Miss Chang Hsiao-mei at the Aoyama Christian Church in Tokyo June 1. The bride holds a degree of Doctor of Economics from London University, and is the head of the Economic Research Section of the Bank of China.

A family of six Chinese leaped to their deaths from the roof garden of the Great World Amusement Center, corner of Avenue Edward VII and Boulevard de Montigny in Shanghai during the night of June 5. They joined hands before taking the leap. They were evidently country people. The suicide is attributed to extreme poverty.

Dr. Wang Shih-chieh, Minister of Education, has submitted a proposal to the Executive Yuan suggesting the adoption of simplified Chinese characters. Dr. Wang's proposal explains that the complex structure of Chinese characters is a great obstacle to the promotion of public education and that simplified forms of the characters should be adopted.

When Frank A. Merrick, president of the Westinghouse Electric and Manufacturing Co., at present in Shanghai, returns to Japan during the latter part of this month, he will be honored with the third-class Order of the Rising Sun for offering technical assistance to Japan's electric industry and electrification of the Japanese Government railways.

Allyn Alexander and Lewis Tappan, Fox Movietone newsreel cameramen, were killed last week in the Sequoia National Park, California, when a huge U. S. Army bombing plane in which they were traveling crashed. Both men were widely known in China. Mr. Alexander was active with the Fox newsreel unit here during the Shanghai fighting three years ago.

A group of 33 U. S. Senators and Representatives have accepted the invitation of Manuel Quezon, president of the Philippine Senate, to visit Manila to witness the inauguration of the Commonwealth of the Philippines. Vice-President Garner will head the party.

The Magistrate of Wusih last week issued an order prohibiting factory strikes.

Workers of Chialung Flour Mill at Tientsin went on strike last week protesting against ill-treatment by the management. No solution of the dispute is in sight.

The *Central News* notes that a seizure of opium at Chinkiang from the s.s. *Kiangsin* was due to the action of four police dogs who scented the opium in one of the cabins.

First Sergeant Leon Frada arrived in Shanghai this week to assume charge of the band of the Fourth Marines for 30 months. He is regarded as the best bandmaster of the U.S. Marines.

The *China Evening News* says that with the elevation of ministers to the rank of ambassadors by seven powers in China, M. Bogomolov, the Soviet Ambassador to China will automatically become dean of the diplomatic corps.

It was announced from Nanking June 5 that Noulens (alias Ruegg), the communist who is serving a life term at the 1st Kiangsu Provincial Penitentiary, has recovered from his recent attack of typhoid. He was removed from the Central Hospital back to the Penitentiary.

Yi Pei-ki, former director of the Peiping Palace Museum, is at present a resident of Manchuria. Mr. Yi is wanted by the Chinese court in Tientsin on a charge of selling the Palace treasures secretly. According to a report, published in the *China Times* May 29, Mr. Yi is very active in his Manchurian home and many of the treasures which he took from the Museum have been bought by Japanese in Manchuria.

Foreign Settlement Council to Ask French and Chinese Cooperation in Census Taking

The Shanghai Municipal Council has decided that in the forthcoming Settlement census information be called for from the Chinese population as to the age groups into which they fall, and that the co-operation of the French Municipal Administration and the Shanghai City Government Authorities be invited with a view to providing co-ordinated census data in respect of the three Municipal areas.

Two High Officials of General Motors Here on Inspection Trip

Two leading officials from the home office of General Motors are now visiting in Shanghai on an inspection trip through the Far East. They are Arthur V. Wieland, general sales manager and H. B. Phillips, vice-president in charge of Oriental business. Both were scheduled to visit China in company with the American Economic Mission but were delayed in leaving the United States. While in Shanghai they were the guests of Mr. and Mrs. Bruce J. Miles, Mr. Miles being manager of General Motors in China.

Frank L. Hough Also Appointed Trustee of Asia Realty Co.

Judge Helmick of the U. S. Court for China June 6 appointed Frank L. Hough trustee of the Asia Realty Co., in addition to his being the liquidator of the A. O. B. C., the A. O. F. C., and the Raven Trust Company.

Shanghai Cotton Mills Reduce Operations By Ten Percent

Chinese cotton mills in Shanghai have reduced operations by about 10 per cent lately. About 100,000 cotton workers have been thrown out of work by these mills. However, as there is a demand for labor in the villages at the present time, these unemployed workers have mostly secured agricultural employment.

The Chinyung silk weaving factory, Foonghsin iron works and Shiushenyung fruit store in Shanghai suspended business May 21. The business of the Chinyung silk weaving factory formerly amounted to $1,600,000, a year.

The Ta Chung Rubber Goods Factory in Shanghai has divided its 400 workers into two groups to work alternately. The reduction in the number of workers was necessitated by poor business.

The workers of Ta Sen No. 3 Cotton Mill at Haimen, Kiangsu, went on strike last week as a protest against a ten percent cut in wages. More than 20 workers were arrested by the police. On the following day, May 21, 300 workers surrounded the Hsien Government and Kuomintang Headquarters, demanding the release of the arrested workers, remaining there from 9 a. m. to 2 p. m. The workers were dispersed after much persuasion by the authorities. Another report stated that the management of this mill announced the suspension of operations on May 20, because of heavy losses.

The Johnson Memorial Church Building

(*From a Correspondent*)

THE Johnson Memorial Church Building is in course of construction outside the former Tehshan Gate of the city of Nanchang on a piece of ground immediately adjoining the Campus of the Nanchang Academy, a boys' Middle School conducted under the auspices of the Board of Foreign Missions of the Methodist Episcopal Church. The building is to house the congregation of the Tehshen Charge of the Methodist Episcopal Church. The membership of this Charge comes chiefly from the three institutions, the Nanchang Academy, the Baldwin Girls' School,and the Nanchang Hospital, and from the community living in the Tehshen (gate) neighborhood.

The new church building, being built in adapted Chinese temple-style architecture, covers an area of 8,290 square feet and has a second floor and gallery which provice 4,028 square feet of adidtional floor space . . . . The main section of the church auditorium will seat 520, and with the gallery and the space under the galleries will seat a total of 965 persons. In addition there is a Sunday School or assembly room seating 200 and ten additional rooms varying in size from 12 feet wide by 14 feet long to 16 feet wide by 25 feet long. It will be seen therefore that the church is being built to meet the needs of weekday classes in religious education for the students of the Mission Schools and for community classes, and social activities.

The cost of the unfurnished building will be in excess of $26,000 Chinese currency, and when fully furnished, in excess of $30,000.

The erection of this edifice has been made possible by a gift given for the glory of God, as an evidence of Christian good-will and American-Chinese friendship, and in grateful memory of Benjamin R. Johnson and his wife. Sarah Easter Husted, by their children: Frank, William R., Sidney E., Harry, Marcia (Lowell), E. Amer, and Lucille (Jones).

Benjamin R. Johnson was a member of the Cornell (Illinois, USA) Methodist Episcopal Church. Born near Marietta, Ohio, February second,1851, he early moved with his parents to Livingston County in Central Illinois. Here he grew up and in the course of a busy life engaged in various lines of business encluding merchandizing, real estate and banking. Though never an office seeker, he was often called upon to serve his community as Supervisor, Village and School Trustee, School Treasurer, president of the Village Board of Trustees, and as School Director. He was the leading member of the local Prohibition Party, laboring for the abolition of the liquor traffic. Mr. Johnson was converted in early manhood, and became a life-long official member of the local church, serving as Trustee, Steward and District Steward, and for many years as Superintendent of the Sunday School. He died in Clearmont, Florida, in March, 1908.

Sarah Ester Johnson was born of Quaker and Hugenot ancestors in Franklin County, Indiana, November 23, 1849 and also early came with her parents into Illinois. Married on her twenty-second birthday to Mr. Johnson, she became the mother of eight children of whom the six named above still survive. Though quiet and retiring, she held strong religious convictions and was a positive influence in the religious life of her husband as of her children, three of whom are now engaged directly in full time Christian work, E. Amer as a Secretary of the Young Mens Christian Association at Peoria, Illinois, Marcia for several years Secretary of Religious Education in the First Congregational Church of Akron, Ohio, and now Director of Residence, Hartford Seminary Foundation, Hartford, Connecticut, and William R., a Missionary of the Methodist Church at Nanchang, China. Mrs. Johnson's mature years were spent chiefly in the every day duties of home life, and in faithful attendance upon the services, and in constant participation in the various activities of the local church. Her chief delight was in homely and neighborly service well and faithfully performed. She was taken from her children after a lingering illness in February 1914, and was interred beside her husband in the Cornell Cemetery.

Nanchang, Ki., May 27.

China American Legion Unveils Tablet at General Ward's Tomb

A bronze memorial plaque on a wall on the Shanghai-Sungkiang highway near the tomb of the late General Frederick T. Ward of the Ever Victorious Army was unveiled during the June 2 annual pilgrimage of the General Frederick Townsend Ward Post No. 1, China, American Legion, to Sungkiang. The ceremonies were conducted by John B. Chevalier of the American Economic Mission, a member of Paris Post No. 1.

Former Governor W. Cameron Forbes of the Philippines, head of the mission, was guest of honor. In a brief speech Mr. Forbes referred to the heroic and lofty spirit that led Ward to fight against staggering odds, to surmountable obstacles, to turn what seemed the slimmest chance of victory into a flaming path or glory, and with each new success blazing the way to further sutpefying achievements, and compared him with William Tell, Horatius, and Lindbergh.

CUSTOMS NOTIFICATION

No. 1450

The public is hereby notified that a new form of Import Duty Memo. will be introduced on the 10th June, 1935. The new Duty Memo. will be provided free of charge and will be prepared *in toto* by the Customs, and applicants will no longer be required to attach Import Duty Memos. to their Import Applications.

After assessment and calculation of import duties, surtaxes and dues the requisite Duty Memos., in four parts as at present, will be issued to applicants, and the procedure to be followed thereafter by the latter will be the same in all respects as that in force at present (see Chapter XIX, § 4: Customs Bank, of Code) except that, as the four parts of the Duty Memo. will be completed by the Customs, in future a receipt will invariably be issued to all applicants.

After the 10th June, 1935, it will still be necessary for applicants to attach Consolidated Tax Memos. to all import applications covering goods liable to Consolidated Tax.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 1st June, 1935.

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73-075

Analysis of Sino-American Economic Relations*

BY H. Y. MOH (穆藕初)

(*China Critic, May 30, 1935.*)

THE phenomenal growth of America's economic influence in China during the post-war years has brought the two countries so closely together that there is hardly a major change in the economic situation of one country without affecting that of the other. As a direct result of the American plan to boost the silver price, large shipments of the white metal have left China, thus giving rise to an unparalleled crisis in the Chinese financial and currency situation. Although the effects of the American silver policy are felt also in other countries, the seriousness of the situation that it has caused in China proves beyond doubt the significance of the Sino-American economic relationship.

Both the United States and Great Britain have watched the trend of events in the Far East with keen interest, particularly since Japan has recently declared her self-seeking plan of Sino-Japanese economic cooperation. It is repeatedly reported, too, that an international loan to China has been proposed. This development marks a new turn in the struggle of various foreign powers to monopolize the potential market of China.

In order to ascertain the part which the United States plays in the international struggle, an effort is made to analyze the present status of Sino-American economic relations. As the United States occupies a position of vital importance in China's national economy this analysis will serve to disclose the general nature of the struggle in question, which, in turn, will throw some light upon the basis for cooperation between China and her possible economic ally across the Pacific.

1. American Investments in China:—Although the United States claims to be highly developed industrially, its history of development is comparatively short. Thus, the American economic influence in China is not as deep-seated as that of Great Britain, and Japan also commands the advantage of proximity to the Chinese market. Prior to the World War America's economic influence in China was far behind that of Great Britain or Japan. During the period from 1919 to 1931, the United States made long strides in the expansion of her influence in the Far East; but her relative position was still inferior to that of either Great Britain or Japan.

The totals and percentage of British, Japanese, and American investments in China in 1931 were as follows:

Country	*Amount in U.S.G.$*	*Percentage of total foreign investments*
Great Britain ...	963,400,000	38.0
Japan	912,800,000	36.8
United States ...	155,100,000	6.1

It is noted that American investments in China totalled approximately $155,100,000, or about one-sixth of British investments. In view of her large financial resources as well as her strenuous efforts to maintain the policy of Open Door and equality of opportunity in China, the United States cannot afford to overlook the situation.

While the volume of American investments in China is comparatively small, its growth is much more rapid than those of Great Britain and Japan. The increase of American property in China during the past hundred years is summarized below:

Year	*Amount in U.S.G.$*
1835	3,000,000
1875	8,000,000
1900	24,700,000
1914	59,300,000
1930	239,900,000

At present, the total value of American property in China has advanced two hundred times over the amount a century ago. The 1930 figures were about four times larger than those of the years immediately before the World War; and the amounts under three principal classifications, namely, industrial and commercial investment, government loans, and missionary and philanthropic institutions, are compared in the following table:

Year	*Industrial and commercial investment*		*Government loans*		*Missionary and charity institutions*	
	Amount in U.S. Gold $1,000,000	*Index No.*	*Amount in U.S. Gold* $1,000,000	*Index No.*	*Amount in U.S. Gold* $1,000,000	*Index No.*
1900 ...	17.5	42	2.2	33	5.0	50
1914 ...	42.0	100	73	100	10.0	100
1930 ...	155.1	369	41.7	571	43.1	431

America was most active in cultivating her relations with China during and after the World War; and this fact is evidenced by the large number of commercial houses established in the period, as shown in the following statement:

Established before 1900	4
Established from 1900 to 1913	18
Established from 1914 to 1930	108

Of the 108 commercial establishments, 16 were founded during the years of the World War, and 90 from 1919 to 1930.

Eventually, the United States has assumed a position of considerable importance in the economic situation of this country. Large portions of American investments in China comprise political loans both secured and unsecured to the Chinese government, which are enumerated below:

	U.S.G.$
Hukuang Railway Loan	7,994,165
Continental and Commercial Trust and Savings Bank of Chicago Loan	9,130,000
Pacific Development Corporation Loan ...	9,969,666
Grand Canal Loan	1,656,000
Other Unsecured Loans	146,590
Private Loans from American commercial firms	11,814,922
Chinese government bonds subscribed by American interests (estimate)	1,000,000
Total	U.S.G.$41,711,346

Most of American investments in China are located in Shanghai, the commercial metropolis of this country, as shown by the following table:

Locality	*Amount in U.S.G.$*	*Percentage*
Shanghai	97,495,917	64.9
Hongkong	2,164,978	1.4
Other ports in China ...	50,567,803	33.7
Total	150,227,678	100.0

2. American Trade With China:—Ever since 1930, the economic activities of the United States have assumed greater proportions, and the American trade has attained a predominant position in the last few years. The distribution of China's trade with the four principal foreign powers, namely, the United States, Japan, Great Britain, and Germany, is compared in the following table:

Country	*Value in unit of $1,000 Chinese currency*				*Percentage as compared with aggregate*			
	Import		*Export*		*Import*		*Export*	
	1933	1934	1933	1934	1933	1934	1933	1934
United States	297,468	271,732	113,146	94,435	21.86	26.16	18.48	17.63
Japan	132,349	126,886	95,807	81,232	9.71	12.21	15.63	15.16
Great Britain	154,041	124,627	48,765	49,806	11.33	12.00	7.96	9.30
Germany	108,016	93,389	20,795	19,159	7.95	8.99	3.40	3.58

In view of the superior position that the United States enjoys in China's foreign trade at present, it is obvious that she has already secured a large share of the Chinese market. Although the volume of import and export in 1934 dwindled, the decline is relatively insignificant as compared to that in British trade. Moreover, the value of import from the United States amounts to about $272,000,000, which is larger than the total of imports from Great Britain and Japan combined. Also, the excess of import in China's trade with the United States amounts to well over $177,000,000, or about 30 per cent of the total of import excess in China's foreign trade.

The fluctuations in China's trade with various foreign countries are further shown in the following table of comparisons with the standards of 1932 (the figures of 1932 are considered as 100%).

Country	*Import*		*Export*	
	1933	1934	1933	1934
United States ...	71%	65%	121%	101%
Great Britain ...	83	67	83	85
Japan	57	55	57	49
Germany	96	83	45	41
Netherlands Indies	87	69	86	82
India	71	43	88	68
Annam	93	51	102	122
France	98	93	91	60
U.S.S.R.	157	61	16	15

It is noted from the foregoing that import from the United States decreased by 9 per cent. and export to the United States by 17 per cent. as compared with 1933. However, the extent of drop is slight, when considered with the other countries. In spite of the adverse situtaion caused by world depression, the American trade with China is actually improving lately.

*Originally appearing in the "Special Supplement to welcome the American Economic Mission", of *The Chen Pao*, on April 25, 1935; and reprinted by *The Exchange Weekly* of April 29, 1935.—Editor.

The nature of the trade between China and the United States may be seen from the following two tables showing the principal items of import and export:

Principal Items of Import from the United States

Commodity	*Value in unit of* $1,000 1933	1934
Cotton, raw	66,585	52,884
Iron and steel	10,631	12,698
Machinery:		
Electrical machinery	534	791
Weaving machines	427	408
Others	5,411	8,031
Aircraft and accessories	8,969	6,273
Motor cars, trucks and accessories	9,439	14,450
Other metal manufactures	10,327	10,519
Leaf tobacco	26,199	30,548
Cigarettes	752	675
Wheat	8	20,857
Wheat flour	11,380	4,034
Dyes and pigments	9,706	7,567
Kerosene oil	51,133	21,342
Paper	7,170	5,317
Timber	12,445	11,351
Photographic materials	5,148	7,687
All others	6,295	56,337
Total	297,559	271,769

Principal Items of Export to the United States

Commodity	*Value in unit of* $1,000 1933	1934
Bristles	4,561	5,126
Eggs and egg products	1,342	1,467
Intestines	906	1,571
Furs	20,832	18,919
Groundnut oil	1,062	758
Wood oil	21,356	16,204
Sesamum seed	2,259	2,151
Cotton, raw	5,754	1,601
Silk, raw	13,951	3,912
Wool, sheep's	11,211	11,199
Drawn-thread and cross-stich work	6,765	7,100
Lace and trimmings	1,685	1,576
Woollen carpets	2,436	1,825
Tea	3,498	2,959
Hats, straw	2,254	3,088
All others	13,274	14,979
Total	113,146	94,435

It is to be noted that, of the principal items of import from the United States in 1934, raw cotton is by far the largest, and leaf tobacco second. Other large items are kerosene oil, wheat, motor cars and trucks, iron and steel, and machinery, in the order of importance. Many of those commodities imported in 1934 register increased volume as compared with the year 1933. Wheat flour, dyes and pigments, paper and timber are the items which show substantial decreases during 1934. Practically all of the items of export to the United States register decreases in 1934.

3. Possible Basis for Cooperation:—There is apparently a growing demand in China today for machinery, aircraft, motor vehicle and other similar articles. The industrialization movement of this country will eventually embark upon the stage of heavy industry, and China will need considerable assistance from the United States and other friendly powers in its development. If, therefore, the economic interests of both countries will follow a proper course of action, their cooperation will probably be more fruitful of good for both than similar arrangements between China and other foreign powers.

For the past hundred years, China has been under the pressure of political and economic exploitations by foreign powers. As the world-wide depression since 1929 has rendered it necessary for all leading powers to bring about recovery through marketing their surplus products abroad, they have again turned their attention to China for a solution of their problems. However, before China is in a position to buy on a large scale, she must be enabled to increase her purchasing power. Should foreign powers continue to further their traditional policy of exploitation, it would only serve to defeat their own purpose.

In order to bring about recovery to the respective countries and to the world at large, the governments and economic and industrial interests of foreign powers must necessarily abstain from any aggressive designs and must deal with China on the basis of equality in matters of a political or economic nature. Otherwise they would not only forfeit the goodwill of the Chinese people, but may unfortunately revive imperialistic conflict.

On the other hand, the Chinese people must be guided by a spirit of self-reliance in their endeavor to reconstruct national economy. They would be happy to cooperate with foreign interests on a basis of reciprocity and mutual benefit.

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In the United States Court for China

ALBERT DELL JOHNSON, Plaintiff,
vs.
ETHEL JOHNSON, Defendant.

Cause No. 3869
Civil No. 1812
ORDER.
Filed at Shanghai, China, June 3, 1935.
William T. Collins, Clerk.
L. T. Kenake, Asst. clerk

The object of this suit is an action for divorce

WHEREAS, plaintiff herein, by his attorneys, has this 31st day of May, 1935, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 1st day of June, 1935, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 1st day of June, 1935, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has he resided therein since at any time, and that defendant's last known address was 1924—19th Ave., San Francisco, California, United States of America.

NOW, THEREFORE, it is this 3rd day of June, 1935, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the *China Weekly Review*, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occuring after the 22nd day of June, 1935, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,
this 3rd day of June, 1935.

MILTON J. HELMICK,
Judge.

New Books of Interest in the Far East

A Humanized History of China for Young People

The Four Hundred Million: A Short History of the Chinese; by Mary A. Nourse. New York, Bobbs-Merrill, 1935. 375 *pages, illustrated.* $3.50 *gold.*

This is a humanized history of China intended for young people of the west and presented in a manner that makes vivid the personalities and events which fill its pages. A short history of China too easily gives an overcrowded picture, leaving the sense of perspective lost in excessive detail. That is not true of this book. One gets from it a definite feeling for the life and thought of the people. Historical events in some detail are given with this background and the result is a pattern of people and events sufficiently interpreted. Miss Nourse is particularly successful in her use of Confucius, Ch'in Shih Huang Ti, Han Wu Ti, the T'ang poets, Tseng Kuo-fan and Tsu-hsi to explain the stream of Chinese history. The earlier part of the narrative is much better digested than is the more insistent later period of the last century and a half.

To follow the unbroken history of a modern nation from mythological beginnings will be a new experience for many persons for whom this book is designed. The secondary school student usually studies the ancient Mediterranean world, medieval Europe and the modern nation states of the west. Seldom is this study integrated so as to bring into the picture the countries of the Far East. Yet Chinese history can touch the fields usually studied, and in fact Miss Nourse's book shows how a broader cultural foundation can be laid for modern civilization which will include the gains made by the East.

Miss Nourse has drawn upon many sources for her material —the work of archeologists, poets, philosophers and historians; and the use of present day workers such as Andersson, Hu Shih, Florence Ayscough, Bishop and Stein, not only gives freshness of approach but is an incentive to further reading. Her fitness to write on Chinese history arises also out of experience gained as a teacher in a mission school and in a government school in Hangchow; and afterwards as instructor in history in Ginling College, Nanking. Her interest in Chinese history and culture was continued in graduate study at the University of Wisconsin.

Just because the book as a whole is so satisfactory from the standpoint of emphasis and tone, the reviewer considers that attention should be called to certain features which should be improved or corrected in the next edition. There are slight mistakes as to fact, such as Chang Tso-lin's death, which is described as occurring just after he passed the Great Wall of China (p.317.): again, Miss Nourse speaks of the expensively equipped "embassies", meaning the legations in Peking. (p.318) In quoting from Dr. Mac Nair's "Modern Chinese History: Selected Readings," Miss Nourse has not given full value to the particular material used, since her account implies that the descriptions of the early Canton factories and trading are in Dr. MacNair's words. The descriptions used are in reality those of a young American, William C. Hunter, who arrived in Canton in 1825, whose books "Bits of Old China" and "The Fan Kwae at Canton" are standard for this period.

The illustrations on the whole are excellent; although one might ask why better views of the Great Wall were not included. One great lost opportunity is the absence of explanatory notes with the illustrations. Anyone acquainted with Breasted's texts on the ancient Mediterranean world knows how illustrations and accompanying descriptive matter can be used to enrich the text. Miss Nourse might thus have used her illustrations to the best advantage. "A bronze sarcophagus of the T'ang dynasty" is the sole statement under a beautiful bronze from the Freer Gallery; the young person for whom the book is intended can have no idea of the size, the use or the symbols upon it. In the same way an inadequate explanation of a Chou dynasty ceremonial vessel, type Yu, leaves unsatisfied practically every question which might arise concerning it. Street scenes of old Nanking showing narrow cobbled streets and men with queues are made to face pages of text describing Nanking in 1926. Here was an opportunity to use pictures for vivid contrast. Why was the opportunity not used?

The maps of the books need further attention on the part of the author. The railway map is not accompanied by a date. Since it is difficult to keep up-to-date with railway construction, it would be more satisfactory to designate the year described. On the whole the maps could be greatly improved, with more care in lettering and workmanship.

F.M.R.

Finance Ministry to Issue Finance Year Book

The *China Finance Year Book*, compiled by the Ministry of Finance, will shortly be published through the Commercial Press in Shanghai. This Year Book, which will be the first of its kind published in China, will contain financial data for the past year as well as a number of useful charts and lists.

Quarantine Service Reports

Reports of the National Quarantine Service, Series V, 1934. Edited by Drs. Wu Lien-teh and C. Y. Wu. Published by the National Quarantine Service, 2 Peking Road, Shanghai. Pp. 233. With thirteen half-tone plates and numerous charts and tables in the text. Price in China $4.00; abroad U.S.$2.00, post free.

This volume comprises a complete record of the work last year of the National Quarantine Service, of which Dr. Wu Lien-teh is the director and Dr. C. Y. Wu the senior quarantine officer. The preface makes note of the fact that further research was carried out by the staff in connection with cholera, plague and rat fleas. Pestilence and plague in China are discussed by Dr. Wu Lien-teh. Occurrence, distribution and seasonal prevalence of rat-fleas in China is presented by C. Y. Wu. The table of contents lists the following among others: The Analysis of the Cholera Problem in China, with Special Reference to Shanghai, by J. W. H. Chun; The Behavior of Cholera and Cholera-like Vibrios in Blood and Milk Media, by R. Pollitzer; A Further Note upon Cholera and Related Vibrios, by R. Pollitzer; Medical Inspection of Vessels, including Emigrant Ships, in China, by F. S. Wong and C. Y. Wu; An Analysis of 37 Heat Stroke Cases, by J. W. H. Chun; History of Leprosy in China, by L. S. Huizenga. An address on "The Private Medical Practitioner in Relation to Public Health," by Dr. Wu Lien-teh is reprinted. Divisional reports are presented by C. Y. Wu, N. Y. Chin and J. W. H. Chun. The reports of branch stations include: Amoy, F. S. Wong; Canton, C. T. Teng; Chinwangtao, T. N. Tang; Taku-Tangku, Y. F. Fung; Tientsin, S. Y. Chu; and Wuhan, F. T. Tai.

Kuomintang Ousts Union at Haimeng Cotton Mill

The strike at Ta Sen No. 3 Cotton Mill at Haimeng, which started on May 18, came to an end May 31, on terms suggested by the local authorities for a settlement of the strike. Under the agreement, the 29 workers dismissed by the management will receive $20 each as retiring gratuities. The union will stop functioning and the local Kuomintang party will have a representative residing in the factory to direct labor affairs, according a dispatch from Haimeng, dated June 3 in the *Shun Pao*.

Kailan Brick Factory Workers Win Fight Against Contract System Aftet Striking

Workers at the brick factory of the Kailan Mining Administration resumed work May 31, after signing an agreement by which the "contract" system will be abolished and workers will be employed by the management directly. The management will pay the workers 50 per cent of their wages lost during the strike. The workers went on strike several weeks ago in protest against wage cuts and oppression by contractors.

Wusih Silk Workers Ask for Payment of Wages in Arrears

Two hundred women workers of Chiu Yu Silk Filature at Wusih last week appealed to the Hsien Government demanding the payment of wages in arrears. The filature, which was closed for some time because of poor business failed to pay $600 which it owed the workers for wages. The Hsien Government has promised that it will force the management to pay the workers in the near future.

60,000 Unemployed Textile Workers in Shanghai

More than 60,000 textile workers have been thrown out of work in Shanghai during recent weeks as a result of the reduction of work by the Chinese and Japanese cotton mills—about 40,000 workers from Chinese mills and 20,000 workers from Japanese mills. The wages of the workers in the Japanese mills have been reduced from 45 cents to 32 cents a day.

Japanese Say Cantonese Continue Boycott

The Shanghai *Mainichi* cites a recent confiscation of the products of the Sung Sing Cotton Mills in Kwangtung province as vivid proof of the anti-Japanese activities, which this Japanese paper says are gaining strength in that province. The *Mainichi* commented: "It is apparent that the latent anti-Japanese feeling of the Chinese masses forms the principal cause of the ever-growing crisis in the Japanese cotton industry in China".

Lu Ta Coal Mining Co. to Open Six New Pits

As a means of relief to the workers who have been thrown out of employment as a result of the recent flooding of the Tzechwan mines, the Lu Ta Coal Mining Company his decided to open six new pits. An engineering corps of over 100 has been despatched to make the necessary preparations. A delegation of 24, representing the families of the flood victims in the pits, called at the Teczhwan District Government in Tsinan June 2 to petition that the Lu Ta Mining Company continue pumping out the flooded water in order to recover the dead bodies.

The management has agreed to pay $300 to the families for each dead miner, but the members of the families of the dead miners demand compensation as provided by the Factory Law.

The Fate of Western Enterprises in Japan

BY A. MORGAN YOUNG*

WHERE thy treasure is, there will thy heart be also. On this principle, argues a Japanese writer, now that the United States has realized that Japan will stand no nonsense regarding naval ratios, there will be friendly approaches to Japan and a ready acknowledgment that she is supreme in the Far East—for, after all, America has $410,000,000 invested in Japan and only $130,000,000 in China.

How far these figures are reliable may be questioned, but, if we suppose them to be correct, the argument that they would have their weight in securing American acquiescence in Japan's freedom of action in China is not without force. Such an argument assumes, however, that the two kinds of investment are antagonistic, that one may have to be sacrificed to save the other—in short, that America might fight to retain the Chinese field of investment and in so doing would lose her investments in Japan. Things do not work out according to such simple ideas, however. There are very different ways of investing even in one country, and a policy that favors one method is not so favorable to another.

For instance, during the World War the late Judge Elbert Gary paid a visit to Japan, at the end of which, in a speech to his hosts, he expounded the view that it was best for Americans to confine themselves to supplying money and steel to Japan. This, he said, was the safest and least troublesome form of investment, and it was far better to entrust Japan with the means to develop China than to try such a complicated and risky experiment oneself. His utterance was made at a time when it was very easy to make money, but it elicited some criticism, chiefly to the effect that there was much business to be done in other things besides steel and finance, and hat Mr. Gary's policy presented it all gratis to the Japanese.

One of the most interesting forms of foreign enterprise is the introduction of a new industry into a country. In Asia this has the attraction (from the capitalist's point of view) that labor is cheaper than in the West, and in Japan the attraction is enhanced by the protective import tariff. Nevertheless, the late Captain Brinkley, one of the most far-sighted and consistent advocates of Japanese progress, said, at the time when Japan first instituted protective duties, that he would be a bold and perhaps rash foreigner who, in future, would attempt to start any industry in Japan. On the whole, Brinkley has proved to be right. In most countries the foreign capitalist who comes and starts an industry is generally regarded as a benefactor; in very abstract theory he is so regarded in Japan, but the thought comes much quicker in Japan than elsewhere, "How much better if all this were purely native instead of having the principal interest foreign!"

Foreigner Is Considered an Economic Loss

No doubt this is largely due to the foreigner's being physically conspicuous. He and his womankind are large; even one in a crowd cannot pass unnoticed. The foreigner wants a different kind of house from the Japanese, and this enhances his conspicuousness. He has an air of prosperity, which suggests that he is getting more out of Japan than her own sons do. Above all, all foreigners in Japan (except Chinese) have more in common among themselves than they have with Japanese. The effect of this, combined with the narrowest kind of economic teaching, has been to create a feeling that every foreigner in the country is an economic loss and that every foreign factory is a menace.

An interesting instance of the rashness of setting up a factory in Japan was furnished by Lever Brothers, the great English soapmakers. All the circumstances seemed extremely favorable, yet everything went wrong. Every sort of hindrance, expense and vexation happened, and they suffered particularly from employees who, as soon as they acquired some special knowledge, would transfer their services to a competitor. At length it was decided that the whole concern had better be disposed of, and, since at that time the military importance of glycerine was much to the fore, this made the plant sufficiently attractive to minimize the loss. But, not long after, a man who had been Lever's head salesman sued the buyers for a large sum which he declared was due to him for having negotiated the sale. In the course of his evidence, he stated that, from the time of his joining the firm, he had been deeply impressed with the wrongfulness of so splendid a plant's belonging to foreigners and had determined to work for the sole purpose of getting it into Japanese hands. The Court refused to take the plaintiff at his own valuation, but this detracts little from the significance of the fact that he regarded his plea as something very noble.

In 1930 the government made a determined effort to do by example and propaganda what it had failed to do by duties and subsidies. The Minister for Railways led the way with a confession that his department had been the largest buyer hitherto of foreign goods but that he was going to change all that. He received the support of other members of the Cabinet, and they went to such lengths as to declare that the output of factories in Japanese which had foreign capital or were under foreign management could not be regarded as Japanese. This of course, elicited protests. The Foreign Office explained that it was no part of the Japanese policy—but it went on just the same. There was an outbreak of exhibits all over the land, in which foreign goods were shown beside Japanese, often flagrant imitations, and the labels explained the great advantages of the Japanese product.

A reaction that was very gratifying to the Japanese propagandists was soon seen. The Dunlop Company happened to be opening a new factory, and at the opening ceremony, to which Japanese notables were invited, it was explained how the iron, the cement, the sand and everything else in the new building were entirely Japanese. The General Motors followed suit with explanations of the large extent to which Japanese materials entered into the construction of the cars sold in Japan. Smaller foreign concerns hastily disguised themselves under Japanese names, so as to avert hostile attention. The Nestle's Condensed Milk Company, at this same period, had a scheme for uniting a number of comparatively small Japanese concerns which turned out a first-class product, but there was such a storm about the importation of foreign interest that the plan had to be dropped. To some foreign concerns which have found it advisable, in spite of the cost, to employ a foreign staff, it has been hinted that the only way to succeed is to Japonize the personnel; to others the desirability of taking in Japanese capital cooperation has been the subject of firm representations. To agree to such proposals means a rapid loss of all control. The process is a natural one, but it is being unnaturally hurried by an almost morbid patriotism.

Foreign Establishments as Training Schools for Japanese Competitors

It is also a natural process, again with its pace greatly accelerated by the impetus of patriotism, that, when a foreign industry is established in Japan, it should become a school for the training of Japanese competitors. Dunlop's employees have created a great rubber industry; and the setting up of shops by Ford and the General Motors has been followed, much sooner than it could otherwise have taken place, by Japan's first export of motor cars—though one seldom sees Japanese cars yet in Japan, except for the ubiquitous three-wheeler.

It is many years since Japan began to export the products of the western industries which she has introduced. The most marked feature of the "Use Home Goods" campaign has been that she has made the world use Japanese goods. Similarly, it is a long time since Japan began to set up abroad the foreign industries that she had adopted, and now that she has gained considerable experience in Shanghai, Formosa and Korea, and her goods are finding so many barriers set up against them, it is likely that Japanese industrialists will make ventures abroad in considerable numbers. Small starts have already been made—a Japanese cotton mill or two in India, hemp works in the Philippines and the like. And at present, of course, the industrialization of Manchukuo is taking up all Japan's energies.

Mr. Takahashi, the Finance Minister, has even had to utter a warning against overdoing investment in the new state. The possibilities are no unaccompanied by anxieties. There have been economic conferences regarding Manchurian developments, generally with a military element participating, and at these conferences, it must be confessed, the conferees have talked as if they possessed despotic powers. General Araki was going to keep out the big Japanese capitalists; others have talked about not permitting the establishment of industries which would compete with those of Japan. One need not exaggerate the completeness of the independence of Manchukuo in order to harbor doubts concerning the ability of these gentlemen to prevent Japanese capital from making money where it will—and Manchurian capital too. Japan's great effort to master western technique and to gain a free field for exploitation has come just when industrialization is proving to be a two-edged weapon.

*A. Morgan Young, author of this article which is reprinted from the May issue of *Asia Magazine*, is editor of the *Japan Chronicle*, liberal British paper published at Kobe, Japan.

University of Shanghai Summer Session Will Commence July 4

The Summer Session of the University of Shanghai will be held from July 4 to August 3, according to an announcement made by President H. C. E. Liu. There will be courses in Education, Psychology, Social Sciences, Natural Sciences, Commercial subjects, Foreign Languages, Music, etc.

President Liu of the University of Shanghai issued a statement last week that the University has no connection with the Pacific Area Student Conference sponsored by the World Council of Youth. "There was a group from America who held a Conference on the University Campus last Summer. They arrived in Shanghai without adequate previous arrangements. We just accommodated them for a few days in our dormitories. We are not affiliated with them in any way," he added.

Chinese Factories Urge Adoption of Protective Tariff

A GROUP of nearly fifty Chinese factories in Shanghai has submitted identic petitions to the National Government, the Executive Yuan and other Government organs concerned, urging the adoption of a protective tariff, reform of the currency system, control of production and marketing, and other measures for the protection and encouragement of native industry. They emphasize that the only means of overcoming the present business depression and currency crisis lies in the development of native industries. The petition states that consequent upon repeated scourges of national calamities, the world depression and the American silver policy, the rural economy of China has sunk into a state of bankruptcy and the business structure in the various important cities is crumbling to pieces. Although measures for relief, such as the proposed extension of credits to the merchants, are already under consideration by the Government, and schemes for the prevention of the outflow of silver and relief of the present crisis have been suggested in different circles, they can not, however, afford a complete solution to the question, even if successfully carried out.

Japanese Protest Against Proposed Sugar Control

The Shanghai *Mainichi* May 28 stated that Mr. Suma, the Japanese Consul-General, called on the Ministry of Foreign Affairs and asked that the Nanking authorities abandon the proposal for the organization of a special committee for the control of sugar, which would be devoted, according to the Japanese views, to the control of importation of sugar from abroad. The Japanese claim that the proposal is contrary to the existing agreement between Japan and China.

$1,100,000 Loan for Kwangtung Sugar Industry

A $1,100,000 loan contract has been concluded between Feng Jui, Director of the Bureau of Agriculture and Forestry of Kwangtung Province, and the Bank of Communications and the State Bank in Shanghai, for the development of the sugar industry in Kwangtung.

Export of Chinese Coal Shows Increase

Export of Chinese coal has shown an increase of $818,000 for the period of January to April, 1935, as compared with the corresponding period, 1934, according to figures released by the Customs Administration. Coal imports for the same period have registered a decrease of $1,600,000.

Foreigners in Canton Still Refuse to Pay Business Tax

In view of foreign business establishments in Canton continuing to refuse to pay the business tax, the Kwangtung Provincial Government is understood to be planning to request the Ministry of Foreign Affairs in Nanking to take up the question with the foreign diplomatic representatives there.

Liu Chin-shan Appointed Head of Tientsin-Pukow Railway

The Ministry of Railways has appointed Liu Chin-shan acting Chairman of the Administrative Board of the Tientsin-Pukow Railway. Mr. Liu is now director of the Northwestern office of the National Economic Council at Sian, capital of Shensi. He succeeds the late Chiu Wei, who died at Hangchow several months ago.

Kunghai Railway to Borrow Another Five Million Dollars to Buy Rolling Stock

Chien Chung-cheh, managing-director of Lunghai Railway, is negotiating with several Shanghai banks for another loan of $5,000,000, to purchase rolling stock.

The Hupeh Provincial Government is raising $600,000 for the construction of the projected Hankow-Ichang highway.

Pharmaceutical Factory to Be Established

A Chinese Pharmaceutical Factory, sponsored by Messrs. Chiao I-tang, Director of the National Medical Institute, and Chen Li-fu, Chairman of the Board of Directors of the Institute, has been organized with a total capital of $200,000. According to plans, $120,000 will be expended for the purchase of machinery and construction of the factory buildings.

Shantung Coastal Highway Nearing Completion

More than 150 miles of the coastal highways, (about eight-tenths of the distance) connecting Tsingtao, Chefoo and Weihaiwei, the three well-known summer resorts of Shantung, have already been completed, according to the Shantung provincial department of reconstruction. Before the end of this month, it is learned, the entire route will be completed.

Kwangtung to Issue Another Reconstruction Loan of $20,000,000

For the purpose of financing the 2nd 3-year reconstruction program of Kwangtung province, General Chen Chi-tang, Commander of the Kwangtung Forces, and the authorities of the Kwangtung Provincial Government have decided to issue another reconstruction loan to the amount of $20,000,000.

Ministry of Industry to Build Silk Filature

The Ministry of Industry is planning to build a silk filature at Hangchow in the near future for the purpose of improving the quality of silk for export purposes.

Industry Law Revised So as to Provide for a Department of Cooperatives

In order to allow for the creation by the Ministry of Industry of a new Department on Cooperatives, the Legislative Yuan has revised the Law governing the organization of the Ministry of Industry, following examination by the Legislation Committee.

Shanghai Merchants Complain About Poor Railway Warehouse Facilities

A complaint against inadequate warehouse accommodation and transportation facilities provided by the Nanking-Shanghai and Shanghai-Hangchow-Ningpo Railway Administration was made by the Shanghai City Chamber of Commerce in a petition to the Ministry of Railways recently.

Tientsin-Tsinan Telephone Line Is Officially Opened

The newly installed Hopei-Shantung Inter-provincial long-distance telephone line between Tientsin and Tsinan was officially opened May 11.

Japanese Say National Government Will Raise $100,000,000 Domestic Loan

The Shanghai *Mainichi* May 15 stated that a new $100,000,000 domestic loan will be issued by the National Government with the backing of the three leading banks, the Central Bank of China, the Bank of China, and the Bank of Communications. In accordance with the previous instructions issued by General Chiang Kai-shek, $30,000,000 will be sent to Kweiyang for the reorganization of the Kweichow Provincial Government, further suppression of Communists and the readjustment of local troops in Szechuen Province. The deficit in the military expenditures for these two months will amount to $50,000,000.

Nanking Objects to Asia Life Branch at Yangtszepoo

It is reported by the Chinese press that the Government will take steps to stop the operations of the Yangtszepoo branch of the American-registered Asia Life Insurance Company, on the ground that the branch is a breach of the recently promulgated Regulations Governing the Organization of Life Insurance Companies.

Peiping Native Products Exhibition Reports Quarter Million Dollars Worth of Business

After remaining open for a month, the Peiping Native Products Exhibition was closed May 17. Altogether 400,000 admission tickts were sold. The volume of business done totalled $250,000.

Tientsin Bureau to Test Foreign Flour

Commencing May 27, the Tientsin Bureau for the Testing and Examination of Commodities is examining flour imported from foreign countries and forbids the sale of any kind which is not up to prescribed standards.

N.E.C. Reports on Use of U.S. Commodity Loan

The annual report of the National Economic Council issued last week covers activities of the Council during 1934, financed by the $15,000,000 raised through the U.S. Commodity Loan. The report stresses highway construction, efforts to improve cotton industry, tea industry, public health conditions, reconstruction in Kiangsi, research for new automobile fuels and economic surveys conducted during the year.

Customs Report for 1934 Shows Only Slight Decline in Revenue

The Report on the Foreign Trade of China compiled by the statistical secretary of the Chinese Maritime Customs covering the year 1934, which has just been issued, states that despite a 20 per cent decrease in the total value of trade with foreign countries, the Customs revenue collection, reached the high figure of 334.6 million dollars, a decrease of less than one-and-a-half per cent as compared with the figures for the previous year ($339.5 million). The value of the import trade declined by 23.4 per cent, the comparative figures for 1933 and 1934 being respectively $1,345 and $1,030 million. The value of the export trade fell from $612 million in 1933 to $535 million in the year under review, a total which is exactly half of that registered in 1929 as a record for the post-war boom in the outward trade. It is pointed out, however, that the figures for 1929 were an all-time record established just before the world-wide depression set in and it would be a mistake, therefore, to regard the above results as being due entirely or even chiefly to disabilities inherent in this country's internal situation.